

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6742H.01I
 Bill No.: HB 3359
 Subject: Tax Credits; Taxation and Revenue - Income; Department of Revenue; Education, Elementary and Secondary; Science and Technology; Arts and Humanities; Children and Minors
 Type: Original
 Date: April 27, 2026

Bill Summary: This proposal authorizes tax credits for certain donations to STEAM or robotics programs in local schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Up to (\$841,392)	Up to (\$10,472,731)	Up to (\$10,481,707)
Total Estimated Net Effect on General Revenue	Up to (\$841,392)	Up to (\$10,472,731)	Up to (\$10,481,707)

*Oversight notes that donation tax credits are capped up to \$10 million annually, with associated administrative costs including three FTEs across DED and DOR, as well as additional costs incurred by DESE for the reporting system.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.655 – Tax Credits for Certain Charitable Donations

Officials from the **Office of Administration – Budget & Planning (B&P)** assume §135.655 creates a new tax credit beginning on January 1, 2027 for 20% of eligible donations to a Science, Technology, Engineering, Arts, and Mathematics (STEAM) or Robotics program offered by a public or private school, not to exceed \$50K per taxpayer per tax year.

The tax credit is non-refundable, but may be carried forward up to seven years. The tax credits may also be transferred / sold. This credit will sunset August 28, 2032.

The cumulative amount of tax credits allowed shall not exceed \$10M per year. Therefore, the fiscal impact to GR and TSR is \$10M annually beginning with FY 2028.

Officials from **Department of Economic Development (DED)** assume §135.655 establishes the "STEAM and Robotics Workforce Development and Innovation Act of 2026."

For all tax years beginning on or after January 1, 2027, this creates a 20% tax credit for eligible donations (cash fair market value of donations or software, hardware, tools, supplies, materials, or curriculum, or imputed monetary value of services rendered in the form of donated employ hours-calculated by employee's hourly wage or annual salary divided by 1,683 hours-) made to eligible programs (science, technology, engineering, art, math, or robotics programs) at qualified schools (accredited Missouri public or private school that is an elementary, high school, or k-12 public school district) not to exceed \$50,000 per tax payer per tax year.

DED issues the tax credit. Tax credits are not refundable but may be carried forward for 7 years. 100% of the tax credit may be assigned, transferred, sold, or conveyed, by filing out a notarized endorsement with DED that names the transferee, amount of tax credit transferred, and the value received for the tax credit.

DESE must set forth applications, a registration system, and any additional guidelines for programs to register and qualify as eligible programs.

The program cap is \$10M per tax year and if the tax credits claimed in the tax year exceeds \$10M, the credits shall be claimed based on the order claimed.

Sunset is six years after effective date 1/1/33. Effective date is 1/1/27.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DED.

Officials from the **Department of Revenue (DOR)** assume §135.655 STEAM Tax Credit Starting January 1, 2027, a qualified taxpayer can claim a tax credit equal to 20% of the value of an eligible donation to a STEAM program offered at a school. The eligible donation can be cash, donations of software, hardware, tools, supplies and materials or can be the monetary value of a person donating their time to a STEAM program.

This proposal limits the amount of tax credits a single taxpayer can receive to \$50,000 a year. The credits are not refundable but can be carried forward up to seven years. The tax credits can be transferred, sold or assigned. The tax credit has an annual cap of \$10 million. This proposal does have a sunset clause.

The Department of Economic Development (DED) is to administer this tax credit, and the credits are to be issued on a first-come, first serve basis. DED is to create an application where people can apply for the credit. This proposal requires the Department of Elementary and Secondary Education (DESE) to create a website to post information about the credit, access to the application, and a registration system for STEAM programs to be listed to receive these donations. DOR defers to DED and DESE for the fiscal impact of creating the forms and website.

DOR notes the first credits claimed would be filed with the filing of their tax returns starting January 2028 (FY 2028) claiming the credit. This will result in a loss of \$10,000,000 annually starting in FY 2028.

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC (\$2,200), updates to Department's website and changes to the individual income tax computer system (\$1,887). These changes are estimated to cost \$4,087. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least 1 FTE Associate Customer Service Rep at a salary of \$42,953 (salary plus years of service pay).

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOR.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume §135.655 calls for DESE to set forth applications, a registration system, and any additional guidelines needed for programs to register and qualify as a STEAM eligible program to receive eligible donations as established under the provisions of this legislation. DESE assumes a new application will be needed for the registration and reporting system called for in this legislation and estimates the new application at a total cost of \$692,451.

Department of Elementary and Secondary Education (DESE) is a consolidated agency under OA-ITSD. It is assumed that all new IT projects/systems will be bid out because all ITSD resources are at full capacity.

It is assumed a new application will be needed for a registration system and reports. This project would have to be prioritized by DESE to be worked among DESE's other projects, if it passes.

There is assumption that new sets of data are required to be collected for a registration system and reports specified in the proposal.

Total Impact: FY27 - \$489,321, FY28 - \$100,311, FY29 - \$102,819.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DESE.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight will be able to absorb the cost with the current budget authority.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> – (§135.655) STEAM tax credit p.4	\$0	Up to (\$10,000,000)	Up to (\$10,000,000)
<u>Cost</u> – DESE/ITSD (§135.655.8-9) New application for a registration system and reports p.5	(\$489,321)	(\$100,311)	(\$102,819)
<u>Cost</u> – DOR (§135.655) p.4			
Personnel Service	(\$35,794)	(\$43,812)	(\$44,688)
Fringe Benefits	(\$28,010)	(\$33,957)	(\$34,310)
Expense & Equipment	(\$17,466)	(\$589)	(\$600)
<u>Total Costs</u> – DOR	(\$81,270)	(\$78,358)	(\$79,598)
FTE Change - DOR	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DED (§135.655) p.3			
Personnel Service	(\$144,520)	(\$176,892)	(\$180,430)
Fringe Benefits	(\$85,353)	(\$103,818)	(\$105,241)
Expense & Equipment	(\$40,928)	(\$13,352)	(\$13,619)
<u>Total Costs</u> – DED	(\$270,801)	(\$294,062)	(\$299,290)
FTE Change – DED	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to (\$841,392)	Up to (\$10,472,731)	Up to (\$10,481,707)
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill creates the "STEAM and Robotics Workforce Development and Innovation Act of 2026" and defines "eligible program" for the purpose of the bill to include a science, technology, engineering, art, and math (STEAM) or robotics program registered with the Department of Elementary and Secondary Education. The bill creates a tax credit program beginning in the 2027 tax year for an amount not to exceed 10 million dollars for eligible donations of software, hardware, tools, supplies, materials, or curriculum including employee hours to Missouri public or private schools that have an eligible STEAM or robotics program. If the amount of tax credits claimed in the tax year exceeds 10 million dollars, tax credits will be allowed based on the order in which they are claimed.

The bill requires the Department to prescribe the manner in which tax credits can be applied for, as outlined in the bill, and to submit an annual report by September 1st to the General Assembly reviewing the costs and benefits of the program. This bill will sunset six years after the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration- Budget & Planning
Department of Revenue
Department of Elementary and Secondary Education
Department of Economic Development
Office of the Secretary of State
Joint Committee on Administrative Rules
Oversight Division



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