

HCS SCS SB 614 -- RESIDENTIAL TREATMENT AGENCY TAX CREDIT ACT

SPONSOR: Stouffer (Sutherland)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 13 to 0.

This substitute establishes the Residential Treatment Agency Tax Credit Act which authorizes a tax credit for 50% of the amount contributed to a qualified residential treatment agency. To be a qualified residential treatment agency, the agency must be licensed under Section 210.484, RSMo, and contract with the Department of Social Services to provide treatment services. On behalf of individuals who have made donations, an agency can apply for tax credits in an aggregate amount that does not exceed 40% of the payments received by the agency from the department in the preceding 12 months.

The tax credit is non-refundable, can be carried back three years or forward four years, and is fully transferrable.

FISCAL NOTE: No impact on General Revenue Fund in FY 2007, FY 2008, and FY 2009. Estimated Cost on Other State Funds of \$2,164 in FY 2007, \$0 in FY 2008, and \$0 in FY 2009. The fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.

PROPONENTS: Supporters say that the bill gives agencies the option to purchase tax credits up to 40% of their residential treatment payments from the state after service is provided. The agency can then use the tax credits for donors to receive a tax credit for 50% of their donations. Donors can also deduct the donation as a charitable donation on their federal tax return. Currently, the state reimbursement rate covers about 50% of the cost of care, and the home also does charitable care for children. The tax credit is good for both the agencies and the state since it is difficult to raise enough funds to provide for these children.

Testifying for the bill were Representative Sutherland; Ray McKennis, Missouri Baptist Children's Home; and Department of Social Services.

OPPONENTS: There was no opposition voiced to the committee.

Karla Strobel, Legislative Analyst