

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0882-01
Bill No.: HB 248
Subject: Children and Minors; Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: February 16, 2009

Bill Summary: Would provide an income dependency exemption for a stillborn child for the year in which the child was born.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | (Less than \$36,144) | (Less than \$36,144) | (Less than \$36,144) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Less than \$36,144) | (Less than \$36,144) | (Less than \$36,144) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|--|----------|----------|----------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that 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 \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Health and Senior Services**, the **Department of Revenue**, and the **Department of Social Services** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. BAP officials stated that this proposal would create a single-year dependency exemption for taxpayers with a stillborn child. According to the DHSS, there were an estimated 502 stillbirths in Missouri. The current dependency exemption is \$2100, therefore \$1,054,200 would be exempted. Assuming a 4.5% effective tax rate, general and total state revenues could be reduced by \$47,439 annually.

Oversight will use the number of stillbirths provided by BAP. Using that rate, the current Missouri childhood dependency exemption of \$1,200, and the maximum income tax rate of six percent, the maximum reduction in income tax revenue for this proposal would be $(502 \times \$1,200 \times 6\%) = \$36,144$. Oversight assumes the impact would not exceed this amount.

Oversight also assumes this proposal would become effective in August, 2009 and would result in additional dependency exemptions for 2009 on returns filed in 2010 (FY 2010).

| <u>FISCAL IMPACT - State Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|--|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE FUND | | | |
| Revenue reduction - dependency exemption for stillborn child | <u>(Less than \$36,144)</u> | <u>(Less than \$36,144)</u> | <u>(Less than \$36,144)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Less than \$36,144)</u> | <u>(Less than \$36,144)</u> | <u>(Less than \$36,144)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would provide an income dependency exemption for a stillborn child for the year in which the child was born.

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 the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Health and Senior Services
Department of Revenue
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 16, 2009