

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0919-01
Bill No.: HB 320
Subject: Housing; Revenue Dept.; Tax Credits; Taxation and Revenue -
Income
Type: Original
Date: February 16, 2009

Bill Summary: Would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)

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 6 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 **Office of Administration, Division of Budget and Planning** assume there would be no added cost to their organization as a result of this proposal. BAP officials stated that this proposal would provide a tax credit for the lesser of 50% of the costs or \$1,000 for the construction of a storm shelter after the year 2003. This proposal could lower general and total state revenues by an unknown amount.

Officials from the **Department of Revenue (DOR)** assume this proposal would create a tax credit for the costs of building a storm shelter for all taxable years beginning on and after January 1, 2009. The credit would be allowed for a storm shelter constructed on or after January 1, 2003. The credit would be equal to the lesser of \$2,000 or 50% of the incurred cost, could not exceed the taxpayer's state tax liability, would not be refundable, and could not be transferred. DOR would promulgate rules to implement the proposal.

DOR officials stated that modifications would be required for individual tax forms and the MINITS system. Personal Tax would require one FTE Revenue Processing Technician I (Range 10, Step L) for every 4,000 credits claimed.

ASSUMPTION (continued)

DOR officials also provided an estimate of the IT cost to implement the proposal.

Officials from the **Office of Administration, Information Technology Services Division** (ITSD/DOR) estimate the IT portion of this request could be implemented using one FTE existing CIT III for two months for system modifications to the MINITS system at a total cost of \$8,882. ITSD/DOR officials assume the proposal could be implemented with existing resources; however, if priorities shift, additional FTE or overtime would be needed.

DOR submitted a cost estimate to implement this proposal including one additional FTE and related equipment and expense totaling \$38,614, for FY 2010, \$41,086 for FY 2011, and \$42,317 for FY 2012.

Oversight notes that this proposal would provide tax credit for fifty percent of the cost of construction of a storm with a maximum credit for an individual filer of two thousand dollars. The proposal has no limit on the total amount of credits available per state fiscal year or for the program. This proposal would allow tax credits for tax years beginning on or after January 1, 2009 and for storm shelters constructed on or after January 1, 2003. Oversight assumes that returns could be filed claiming this tax credit beginning January 1, 2010 (FY 2010) and that amended returns for 2009 could be included in those filings.

Oversight could not find any information regarding the number of storm shelters constructed in Missouri, however, Oversight assumes that this proposal would not generate a large enough number of additional filings to justify an additional DOR employee. If unanticipated additional cost are incurred or if multiple proposal are enacted which increase the DOR workload, resources could be requested through the budget process.

Oversight will indicate a range of fiscal impact to the General Revenue Fund of more than \$100,000.

This proposal could reduce Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
Revenue reduction - tax credit for storm shelter construction.	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(More than \$100,000)</u>	<u>(More than \$100,00)</u>	<u>(More than \$100,000)</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.

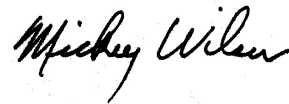
FISCAL DESCRIPTION

This proposal would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

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 Revenue

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