

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0919-02  
Bill No.: HCS for HB 320, 39, & 662  
Subject: Housing; Revenue Dept.; Tax Credits; Taxation and Revenue - Income  
Type: Original  
Date: February 24, 2009

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Bill Summary: Would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$1,500, whichever is less.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Up to \$2,000,000)	(Up to \$2,000,000)	(Up to \$2,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Up to \$2,000,000)</b>	<b>(Up to \$2,000,000)</b>	<b>(Up to \$2,000,000)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## 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 \$1,500 for the construction of a storm shelter after the year 2003. The total amount of tax credits available under this program would be \$2 million. This proposal could lower general and total state revenues by that 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 \$1,500 or 50% of the incurred cost and could not exceed the taxpayer's state tax liability. The aggregate limit of credits issued would be \$2 million per state fiscal year. 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 for every 4,000 credits claimed, and Collections and Tax Assistance would require one FTE Tax Collection Technician for every additional 15,000 contacts annually on the delinquent line and one FTE Tax Collection Technician for every additional 24,000 contacts annually on the non-delinquent tax line.

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 three additional employees with related equipment and expense totaling \$115,843 for FY 2010, \$123,257 for FY 2011, and \$126,954 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 one thousand five hundred dollars. The proposal has a \$2 million limit on the total amount of credits available per state fiscal year. 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. Oversight notes, however, that the maximum number of claims allowable under the proposal's first-come, first-served filing basis would be  $(\$2,000,000/\$1,500) = 1,333$  claims. Oversight notes that number of additional filings would not 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 Up to \$2 million.

**This proposal could reduce Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction</u> - tax credit for storm shelter construction.	(Up to <u>\$2,000,000</u> )	(Up to <u>\$2,000,000</u> )	(Up to <u>\$2,000,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>(Up to <u>\$2,000,000</u>)</b>	<b>(Up to <u>\$2,000,00</u>)</b>	<b>(Up to <u>\$2,000,000</u>)</b>

<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

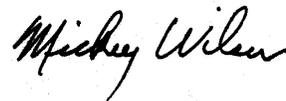
This proposal would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$1,500, whichever is less.

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

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SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue



Mickey Wilson, CPA  
Director  
February 24, 2009