

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5753-01
Bill No.: HB 2050
Subject: Tax Credits, Children and Minors
Type: Original
Date: January 19, 2018

Bill Summary: This proposal modifies provisions of the Champion for Children tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0	(\$1,500,000)
Total Estimated Net Effect on General Revenue	\$0	\$0	(\$1,500,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.341 Champion for Children (formerly Children in Crisis)

Officials at the **Department of Revenue** assume this proposed legislation increases the amount that can be redeemed in Champion for Children Tax Credits each tax year. Therefore, an additional \$500,000 could be redeemed. Subsequently, Total State Revenue could decrease by an estimated \$500,000

Oversight notes according to the Tax Credit Analysis submitted by the Department of Revenue regarding this program, the Champion for Children tax credit program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Amount Redeemed	\$999,990	\$999,987	\$999,873	\$999,999	\$999,999

Amount Outstanding - not declared Amount Authorized but Unissued - not declared

Oversight notes this tax credit currently has a \$1 million annual cap. This proposal changes the stop date of this tax credit from December 31, 2019 (FY 2020) to December 31, 2025. Additionally, the cap is raised from \$1 million to \$1.5 million. The credit is given to a taxpayer up to 50% of the donation they made to a qualified agency.

Per **Oversight** fiscal note policy, the fiscal note will reflect the extension of the tax credit starting in FY 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Revenue Reduction</u> - extension of the Champion for Children tax credit sunset date and increased cap §135.341	\$0	\$0	<u>(\$1,500,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>(\$1,500,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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 bill makes changes to the Champion for Children Tax Credit, a tax credit that can be claimed for verified contributions to qualified agencies, which includes child advocacy centers. The bill clarifies that for purposes of the credit a child advocacy center includes an association based in Missouri, an association affiliated with a national association, and an association organized to provide support to the regional assessment centers listed in §210.001.2. The cumulative amount of tax credits redeemed cannot exceed \$1.5 million in any tax year. The bill extends the sunset date to December 31, 2025.

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

Department of Revenue

Ross Strobe



Acting Director
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