

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1681-01  
Bill No.: HB 703  
Subject: Taxation and Revenue - General; Taxation and Revenue - Income; Law Enforcement Officers and Agencies; Department of Revenue  
Type: Original  
Date: February 14, 2019

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Bill Summary: This proposal allows taxpayers to donate a portion of their income tax refund to the Kansas City Regional Law Enforcement Memorial Foundation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Kansas City Regional Law Enforcement Memorial Foundation*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Tax Refund Donations and Distributions net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this may increase Total State Revenue by an unknown amount but will not impact the calculation under Article X, Section 18(e).

Section 143.1028.1 would allow taxpayers to dedicate a portion of their tax refund (checkoff) to the Kansas City Regional Law Enforcement Memorial Foundation Fund. Each individual or corporation may designate \$1 or more of their refund to the newly created fund for single returns and \$2 or more for combined returns. Individuals and corporations may also make a separate payment and clearly designate the fund as the recipient.

Section 143.1028.2 creates the Kansas City Regional Law Enforcement Memorial Foundation Fund within the state treasury. The fund shall be a dedicated fund and the treasurer shall distribute collections at least monthly to the Kansas City Regional Law Enforcement Foundation. Section 143.1028.3 requires DOR to deposit all collections at least monthly into the newly created fund, less an amount sufficient to cover the costs of collection.

Officials at the **Office of the State Treasurer (STO)** assume §143.1028.2 requires the state treasurer to distribute all moneys deposited in the fund at least monthly to the Kansas City Regional Law Enforcement Memorial Foundation. The STO believes that .5 FTE is required to perform the duties listed in the bill. We cannot absorb the duties with existing staff because it is outside the scope of the Treasurer's Operating Fund, that staff person will have to be General Revenue funded.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

**Oversight** notes this proposal creates the Kansas City Regional Law Enforcement Memorial Foundation Fund to allow taxpayers to designate a portion of their Missouri tax refund to the Memorial. Individuals and corporations are allowed to designate any amount over \$1 and for combined returns individuals could designate any amount over \$2. The money is collected by the Department of Revenue and deposited at least monthly into the Fund created by the State Treasurer. The Fund is exempt from the biennium sweep.

According to the Kansas City Star, the Kansas City Regional Law Enforcement Memorial is an effort to raise funds to create a memorial garden to pay tribute to all local, state and federal officers in Kansas City killed in the line of duty. The Memorial is estimated to cost \$4 million. The Kansas City Council contributed \$600,000 toward the creation of the Memorial in 2018.

ASSUMPTION (continued)

**Oversight** notes this proposal requires DOR to deposit the tax donations monthly and the STO to forward the tax donations to the Memorial monthly. Even though the monthly distribution is stated in the bill as being responsibility of the Office of the State Treasurer, Oversight assumes the Department of Revenue could assist with this function. Therefore, Oversight assumes the STO will not require the additional resources to implement this bill.

**Oversight** for informational purposes is showing the other current tax checkoff programs the state administers and the total amounts they have collected over the previous six years.

<b>Checkoff Program - Fund</b>	<b>Amount Collected FY 2013- FY 2018</b>
Childhood Lead Testing - 0899	\$87,442
Children's Trust Fund - 0694	\$495,469
Military Relief Fund - 0719	\$237,886
Elderly Home Delivered Meals - 0296	\$321,449
National Guard Trust Fund - 0900	\$110,271
Veterans Trust Fund - 0579	\$319,461
<b>Workers Memorial Trust Fund - 0895</b>	<b>\$45,646</b>
Organ Donor Program Fund - 0824	\$107,097
After School Retreat Fund - 0732	\$20,196
American Cancer Society Heartland Div. - 0700	\$41,730
Gateway Area Diabetes Assn - 0713	\$17,418
American Heart Association - 0714	\$17,746
American Lung Association - 0704	\$1,595
ALS Lou Gehrig's Disease - 0703	\$15,174
Muscular Dystrophy Association - 0707	\$7,391

<b>Checkoff Program - Fund</b>	<b>Amount Contributed FY 2013- FY 2018</b>
March of Dimes - 0716	\$15,545
National Multiple Sclerosis Society Fund - 0709	\$13,409
Breast Cancer Awareness - 0915	\$16,879
Foster Care/Adoptive Parents - 0979	\$19,268
American Red Cross - 0987	\$23,921
Developmental Disabilities Waiting List - 0986	\$8,153
Puppy Protection Fund - 0985	\$34,294
Pediatric Cancer Research - 0959	\$14,859
<b>MO National Guard Foundation - 0494</b>	<b>\$7,807</b>
General Revenue Fund - 0101	\$55,785
<b>TOTAL COLLECTED (FY 2013 - FY 2018)</b>	<b>\$2,061,809</b>

The Workers Memorial Trust Fund and the MO National Guard Foundation are programs that would be similar to the Kansas City Regional Law Enforcement Memorial Foundation. **Oversight** will show in the fiscal note Less than \$10,000 raised annually through the checkoff program based on the history of these similar programs.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>KANSAS CITY REGIONAL LAW ENFORCEMENT MEMORIAL FOUNDATION FUND</b>			
<u>Revenue</u> - DOR §143.1028 taxpayer's refund donation	Less than \$10,000	Less than \$10,000	Less than \$10,000
<u>Distribution</u> - to Memorial	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>
<b>ESTIMATED NET EFFECT ON THE KANSAS CITY REGIONAL LAW ENFORCEMENT MEMORIAL FOUNDATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

For all tax years beginning on or after January 1, 2019, and ending before January 1, 2024, this bill creates the Kansas City Regional Law Enforcement Memorial Foundation Fund to allow a taxpayer to donate a portion of his or her tax refund to the fund. The State Treasurer will distribute moneys deposited into the fund to the Kansas City Regional Law Enforcement Memorial Foundation.

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  
Office of Administration Division of Budget and Planning  
Office of the State Treasurer



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