

TAX CREDIT ANALYSIS

Program Name: Special Needs Adoption and Children in Crisis Tax Credits

Department: Revenue **Contact Name & No.: Joel Allison, 751-0191** **Date: October 2011**

Program Category: Domestic and Social **Type: Tax Credit Other (specify) _____**

Statutory Authority: Sections 135.325 - 135.327, RSMo **Applicable Taxes: Chapter 143, excluding Sections 143.191-143.265, RSMo**

Program Description and Eligibility Requirements:

Provides a tax credit of up to \$10,000 for non-recurring adoption expenses for any person residing in Missouri who legally adopts a special needs child. To be eligible for the credit, the taxpayer must be a Missouri resident adopting a "special needs child" or a business providing funds to an employee to enable the employee to adopt a "special needs child".

Explanation of How Award is Computed: Entitlement _____ Discretionary _____

Non-recurring adoption expenses up to \$10,000 may be used as a tax credit under Chapter 143, RSMo. Contributor receives a tax credit for 50% of the contribution to an approved agency in the amount of \$100 or more under Chapter 143, RSMo.

Program Cap: Cumulative \$ _____ (remainder of cumulative cap) \$ _____ Annual \$ _____ None _____

Explanation of cap:

The Special Needs Tax credit is authorized by Section 135.327, RSMo. According to statute, "...The cumulative amount of tax credits that may be claimed by taxpayers claiming the credit for nonrecurring adoption expenses shall not be more than four million dollars but may be increased by appropriation..." "The director shall calculate the level of appropriation necessary to issue all tax credits for nonresident special needs adoptions applied for under this section and provide such calculations to the speaker of the house of representatives, the president pro-tempore of the senate, and the director of the division of budget and planning in the office of administration by January thirty-first of each year."

The non-resident special needs adoption credit claim must be filed between July 1 and December 31 of each fiscal year. If the claims exceed the \$2 million cap, the department may request an additional appropriation to pay all claims, or each claim will be prorated based on the dollar amount of claims. If the allotted \$2 million is not met, the excess will be transferred to the resident pool.

The resident special needs adoption credit must be filed between July 1 and April 15 of each fiscal year. Historically, the resident adoption tax credits are allowed 100% and the anticipated excess will be available for the Children in Crisis Tax Credit.

Explanation of Expiration of Authority:

Specific Provisions: (if applicable)

Carry forward 5 years Carry Back _____ years Refundable _____ Sellable/Assignable _____ Additional Federal Deductions Available _____

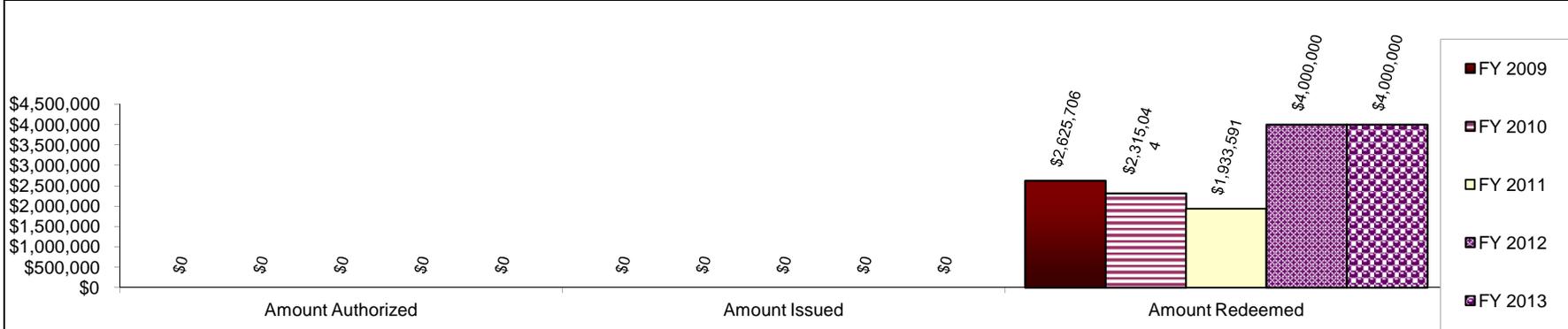
Comments on Specific Provisions:

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012(current year)	FY 2013 (budget year)
Certificates Issued (#)	0	0	0	0	0
Projects (#)	0	0	0	0	0
Amount Authorized	\$0	\$0	\$0	\$0	\$0
Amount Issued	\$0	\$0	\$0	\$0	\$0
Amount Redeemed	\$2,625,706	\$2,315,044	\$1,933,591	\$4,000,000	\$4,000,000
EST. Amount Outstanding	N/A	N/A	\$2,649,525	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$0	N/A	N/A

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HISTORICAL AND PROJECTED INFORMATION



Comments on Historical and Projected Information:

BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTIVITY	Other Fiscal Period (indicated time period)
BENEFITS		
Direct Fiscal Benefits	\$0	\$0
Indirect Fiscal Benefits	\$26,735	\$26,735
Total	\$26,735	\$26,735
COSTS		
Direct Fiscal Costs	\$1,933,591	\$1,933,591
Indirect Fiscal Costs	\$0	\$0
Total	\$1,933,591	\$1,933,591
BENEFIT: COST	0.01	0.01

Derivation of Benefits:
The Department of Revenue, with the assistance of the Missouri Economic Development, used the Regional Economic Model, Inc. (REMI) model for generating cost-benefit analysis for tax credit programs as required under Section 33.282, RSMo.

REMI 8.0.5 Model Assumptions:
\$1,933,591 reduction to personal income taxes in 2011 and \$4,000,000 in future periods.

Other Benefits:

In Fiscal Year 2011, every dollar of authorized program tax credits returns:

\$0.27 in new personal income totaling	\$0.52 million
\$0.52 in new value-added/GSP totaling	\$1.01 million
\$0.80 in new economic output totaling	\$1.56 million

Over ten years, every dollar of authorized program tax credits returns:

\$0.27 in new personal income totaling	\$0.52 million
\$0.52 in new value-added/GSP totaling	\$1.01 million
\$0.80 in new economic output totaling	\$1.56 million

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PERFORMANCE MEASURE(S)

Comments on Performance Measure: