

**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 27, 2023

Agency Submitting: Department of Taxation

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Personnel Services (Expense)		\$125,078	\$165,816	\$331,632
Operating Expenses (Expense)		\$5,041	\$5,469	\$10,938
Equipment (Expense)		\$9,216		
Information Services (Expense)		\$39,817	\$3,162	\$6,324
General Fund Revenue (Revenue)		(\$4,000,000)	(\$4,120,000)	(\$8,614,508)
Total	0	(\$4,179,152)	(\$4,294,447)	(\$8,963,402)

Explanation

(Use Additional Sheets of Attachments, if required)

This bill establishes a credit against the modified business tax for taxpayers who donate money to an organization that provides grants to public or private institutions for the establishment of certain programs of residency training and postdoctoral fellowships for physicians; setting forth certain requirements for an organization that provides such grants and for an institution that is a recipient of such a grant. A Tax Examiner II will be required to receive requests, track requests, ensure the Department is awarding and issuing the appropriate dollar amount in credits each fiscal year, and issue correspondence. A Tax Program Supervisor I is required to oversee the addition of this tax credit program in its entirety and to provide supervision to the Tax Examiner II. This request is for the funding of one Tax Examiner II position and one Tax Program Supervisor I position, and associated costs, beginning in October 2023.

The Department will incur Personnel Services expenses in the amount of \$125,078 in FY24 and \$165,816 in FY25. With the exception of overtime for IT staff in the amount of \$4,948 in FY 24, the costs will be recurring for future biennia. There will be Operating Expenses in the amount of \$5,041 for FY24 and \$5,469 for FY25. This expense will recur in future biennia. A one-time Equipment Expense in the amount of \$9,216 is needed in FY24. The Information Services expense includes MSA Programmer expenses to implement changes into the Department's computer system in the amount of \$32,832 for FY24. This expense is one-time in nature. The cost of \$6,324 is recurring in future biennia for required EITS Assessment costs (phone, productivity suite, etc).

Assuming that all tax credits are taken in the year they are approved, a total revenue loss up to \$4 million will be realized in FY24 and up to a total of \$4.12 million in FY25. The credit threshold increases by 103% of prior year credits on an annual basis.

Name Adriane Roberts-Larson

Title Deputy Executive Director -  
Administrative Services

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

Date Monday, March 27, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director