

FISCAL NOTE

Requested by Legislative Council

04/06/2001

Bill/Resolution No.:

Amendment to: Engrossed
HB 1399

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$912,000			
Appropriations			\$912,000			

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed HB 1399 with Senate amendments changes the starting point for the "short form" individual income tax computation from federal tax liability to federal taxable income. The bill allows for a series of adjustments to taxable income, continues existing tax credits, creates a new tax credit, and imposes two tax rates. All of these provisions are expected to be revenue neutral. However, this is a significant change in how the state imposes the income tax, thereby creating a margin of error of (plus or minus) two to five percent or more.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Tax Department will incur administrative expenses of \$912,000 to implement the provisions of HB 1399.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

An increase in the Tax Department's appropriation of \$912,000 for the 01-03 biennium will be necessary to implement the provisions of HB 1399.

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Agency: Tax Department
Date 04/09/2001
Prepared: