

# FISCAL NOTE

Requested by Legislative Council

01/20/2005

Bill/Resolution No.: SB 2327

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.*

2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues					
Expenditures					
Appropriations					

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 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.*

SB 2327 hinges upon the passage of SCR 4004 and the approval of voters. If enacted, SB 2327 repeals the corporate and individual income taxes, and broadens the sales tax base in a manner similar to the tax system in place in South Dakota. SB 2327 establishes a sales tax rate that is estimated to allow the provisions of the bill to be revenue neutral overall.

Approx. \$1.3 billion is expected to be collected in a biennium from the (current law) sales and income taxes, or from the provisions of this bill. Although the bill is estimated to be revenue neutral, because of the large magnitude of changes contained in SB 2327, a fluctuation of plus or minus one to five percent of that amount could possibly occur.

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.*

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.*

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