

# FISCAL NOTE

Requested by Legislative Council  
01/16/2007

Bill/Resolution No.: HB 1449

**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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations			\$110,000,000			

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$9,497,000)	(\$5,239,000)	(\$22,263,000)			

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1449 expands the homestead credit program, and provides state-paid property tax relief. It also addresses home rule authority, property tax increase limitations, the determination of true and full value, and the contents of property tax statements.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 of HB 1449 modifies the homestead credit program. The bill offers two calculation methods, and it is not possible to determine which will be utilized in each case. Our "best guess" indicates the changes could be expected to increase qualified homestead credits by an estimated \$41.789 million in the 2007-09 biennium. Section 14 provides an appropriation of \$30 million for homestead credit changes.

Section 11 of HB 1449 provides property tax relief estimated to total \$108.257 million for the 2007-09 biennium. Section 14 provides an appropriation of \$80 million for property tax relief. A portion of this difference may be mitigated in part due to the expanded homestead credit provisions of the bill (Sections 4 and 11 have inter-related fiscal impacts.)

**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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The appropriations contained in Section 14 total \$110 million for the 2007-09 biennium. We expect this amount to be approximately \$40.055 million less than the provisions in the bill would allow, forcing the counties and political subdivisions to prorate the impacts among taxpayers. This may prove difficult or impossible because the prorating information would be available too late to change property tax statements.

The share of the estimated \$40.055 million shortfall is shown above for each of the major political subdivisions.

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/22/2007