

FISCAL NOTE
Requested by Legislative Council
01/12/2007

Bill/Resolution No.: HB 1335

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				\$101,998,000		
Appropriations			\$101,998,000			

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

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 1335 establishes a homestead property tax relief credit, creates a property tax relief trust fund, and repeals the farm residency exemption.

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 1 of the bill offers two alternatives to calculating the available property tax relief credit. The credits are estimated to total approx. \$101.998 million in the 2007-09 biennium.

Section 2 creates a property tax relief fund that will receive an appropriation sufficient to reimburse school districts for the amount of the relief.

Section 3 of the bill repeals the farm residency exemption, which will shift an indeterminant amount of property taxes onto agricultural property and away from other classifications of property. The amount of this shift cannot be determined because farm residences are not valued at the present time.

Section 4 increases the percentage of taxable value for residential property beginning in 2009. This will cause a shift among property classifications, and increase by an unknown amount the revenue generated by the one mill for the state medical center.

Section 5 creates property tax increase limitations for residential and commercial property, but may have no net effect to political subdivisions because they can levy the same amount of dollars. It could shift a portion of the tax burden onto agricultural and centrally assessed property.

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.*

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