

FISCAL NOTE
Requested by Legislative Council
01/11/2011

Bill/Resolution No.: HB 1247

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$634,700,000)			
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 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 1247 provides corporation and individual income tax rate reductions and an individual income tax deduction for a portion of income from pass-through entities.

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 HB 1247 reduces the corporate income tax rates by sixty percent. This section is expected to result in a reduction in state general fund revenues of an estimated \$109.6 million for the 2011-13 biennium.

Section 2 of HB 1247 reduces the individual income tax rates by sixty percent. This section is expected to result in a reduction in state general fund revenues of an estimated \$388.1 million for the 2011-13 biennium.

Section 3 of HB 1247 creates an individual income tax deduction equal to sixty percent of the income a taxpayer receives from a pass-through entity such as a partnership or a limited liability company. This income would be subject to the rate relief provided in Section 2 of this bill. Calculating this impact based on the lower rates in Section 2, this section (Section 3) is expected to reduce state general fund revenues by an additional \$137.0 million for the 2011-13 biennium.

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:	01/19/2011