

FISCAL NOTE
Requested by Legislative Council
04/21/2011

Amendment to: Engrossed
HB 1047

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			(\$147,125,000)			
Expenditures			\$341,790,000			
Appropriations			\$341,790,000			

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).*

Engrossed HB 1047 with Conference Committee Amendments reduces individual, corporation, and financial institutions income tax rates and provides state funding to school districts for mill levy reduction grants.

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 2 of the bill reduces the financial institutions tax rate from 7% to 6.5%. Only the state general fund share of the tax revenue is impacted by this change, resulting in a reduction in state general fund revenues of approximately \$2.125 million for the 2011-13 biennium.

Section 6 of the bill reduces all existing corporation income tax rates by 19.5%. This rate reduction is expected to result in a reduction in state general fund revenues of approximately \$25 million for the 2011-13 biennium.

Section 7 of the bill reduces all individual income tax rates by 17.9%. This is expected to reduce state general fund revenues approximately \$120 million in the 2011-13 biennium.

Section 13 provides a general fund appropriation of \$341.790 million to the superintendent of public instruction for grants to school districts under the mill levy reduction program. The Department of Public Instruction concurs that this appropriation is adequate to make the required grants to school districts. Expenditures will increase by this amount.

Section 14 transfers \$295 million from the property tax sustainability fund to the general fund on July 1, 2011. This transfer is not reflected in the state general fund revenues shown above.

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.*

There is an appropriation of \$341.790 million to the Department of Public Instruction.

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