

FISCAL NOTE
Requested by Legislative Council
02/22/2011

Amendment to: SB 2210

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						
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).*

Engrossed SB 2210 creates a housing incentive fund from which no-interest loans may be made, as directed by the ND Housing Finance Agency, for unmet housing needs or shortages. Section 4 of the bill creates a new tax credit against the financial institution tax for investments into the new fund.

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 the bill creates a new tax credit against the North Dakota financial institution tax under N.D.C.C. ch. 57-35.3. The credit is equal to 50 percent of the investments made during the tax year by a financial institution into the new housing incentive fund. While the bill's language places a \$4 million limit on the total amount of credits allowed, it is not clear from the language whether the limit is intended to be an annual limit or a limit for all years.

Note: The bill's language appears to indicate that the credit is intended to be allowed against both the state general fund and the financial institution distribution fund portions of the financial institution tax. Of the total 7 percent tax, current law distributes 2/7ths to the state general fund and 5/7ths to the financial institution distribution fund. The 5/7ths portion placed in the financial institution distribution fund is, in turn, distributed to the counties. Except for certain tax credits available under the North Dakota Renaissance Zone Program, tax credits currently allowed under the financial institution tax law are only allowed to offset the 2/7ths state general fund portion of the tax.

The potential decreases in the state general fund and in the county revenue from the financial institution tax attributable to the new tax credit (in Section 4 of the bill) cannot be determined as it is not known to what extent financial institutions will invest in the new housing incentive fund (created by Section 1 of the bill).

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:	02/22/2011