

FISCAL NOTE
Requested by Legislative Council
02/22/2013

Revised
Amendment to: HB 1277

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(67,200,000)			
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1277 changes the income tax law governing the exclusion for net long-term capital gain and qualified dividend income to include taxable interest, and increases the amount that is excluded.

- 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.*

Engrossed HB 1277 expands the income tax provisions governing the exclusion for net long-term capital gain and qualified dividend to include taxable interest income. It also increases the amount of the exclusion from 30% of the eligible income to 100% of the first \$75,000 of eligible income and 90% of the eligible income exceeding \$75,000. The exclusion only applies to eligible income that is reportable to North Dakota.

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.*

If enacted, engrossed HB 1277 is expected to reduce state general fund revenues by an estimated \$67.2 million for the 2013-15 biennium. NOTE: The fiscal note was corrected to address an oversight in the original note which failed to exclude interest on US obligations which is already not taxable for state income tax purposes.

- 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.*

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