

FISCAL NOTE
Requested by Legislative Council
03/28/2013

Amendment to: SB 2171

- 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 | | | | | | |
| Expenditures | | | \$14,600,000 | | | |
| 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).*

SB 2171 first engrossment with House Amendments expands the homestead credit and renters refund programs for elderly and disabled citizens.

- 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 SB 2171 first engrossment with House Amendments expands the income brackets for computing the credit for both homeowners and renters. It also expands the "asset test" that limits the value of assets an applicant can own, to \$300,000 from the current limit of \$75,000.

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.*

There is \$20 million included in the executive budget for the expansion of the homestead credit and renters refund programs.

- 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.*

The provisions of SB 2171 first engrossment with House Amendments will mean more elderly and disabled persons will qualify for these programs. Estimations are difficult, and in the tax department's experience, fewer persons take advantage of the programs than would apparently be eligible, which could be due in part to the asset limitations. For this reason, we are estimating the impact of SB 2171 first engrossment with House Amendments based on 75% of those that might be eligible for the program. This translates into a program expansion to an estimated \$25.3 million for the 2013-15 biennium, which is a net increase of \$14.6 million over the existing (budgeted) program of \$10,685,000.

- 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 was a \$20 million appropriation in the Tax Department budget for the expansion to the homestead credit and renters refund program. If SB 2171 first engrossment with House Amendments is enacted, a portion of this amount may be turned back at the close of the 2013-15 biennium.

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