

FISCAL NOTE
Requested by Legislative Council
01/29/2013

Bill/Resolution No.: SB 2330

- 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			\$(3,380,000)			
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).*

SB 2330 reduces the interest rate charged on unpaid income tax and the interest rate paid on refunds of income tax by 50%. The bill also increases the minimum threshold at which individuals are required to pay estimated income tax.

- 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 the bill reduces the interest rate paid by the state on income tax refunds from 12% to 6% per year. Section 2 of the bill reduces the interest rate charged by the state on unpaid income tax from 12% to 6% per year. The amount of interest charged on unpaid income tax and the amount of interest paid on income tax refunds will vary from year to year based on a number of variables, including amended returns, audit activity, and effective tax rates. Based on a five-year average for tax years 2007 through 2011, Sections 1 and 2 of SB 2330 are expected to result in an estimated net decrease in state general fund revenues of \$3.35 million for the 2013-15 biennium. Section 3 of SB 2330 increases the minimum threshold at which an individual is required to pay estimated income tax from \$500 to \$1,000. This change will affect approximately 2,800 individuals, relieving them of the requirement to pay estimated income tax. This change in the threshold will result in a timing difference in the receipt of income tax revenue that will have no effect on state general fund revenues for the 2013-15 biennium. This change may also reduce the amount of interest charged for underpayment of estimated income tax with respect to the affected individuals, which is expected to result in an estimated decrease in state general fund revenues of \$30,000 for the 2013-15 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.*

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