

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1325

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$24,000,000		\$24,000,000	
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

- 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.*

The current homestead tax credit program provides a state-paid credit against property taxes for persons age 65 and older, or persons who are permanently and totally disabled, with annual income less than \$42,000, and assets that do not exceed \$500,000. The credit applies to up to \$100,000 of taxable value, with a maximum reduction of 100% for those with annual income less than \$22,000. This bill provides an alternative calculation for the homestead tax credit. An individual could receive the highest credit available either under the current program or this proposed alternative. The alternative calculation provides a credit against a true and full value of up to \$350,000 and provides an age-based schedule that increases the credit percentage from 5% for a person age 65 to 100% for a person age 75 or older. The proposed alternative calculation does not provide for an income or asset limitation.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The \$46 million appropriation required to fund the homestead tax credit program, as proposed in this bill, is an increase of \$24 million over the estimated cost to continue the program with no change. The executive recommendation includes \$30 million for the homestead tax credit program in the recommended budget for the Tax Department (SB2006).

Name: Joe Morrissette

Agency: Tax Department

Telephone: 701-328-3033

Date Prepared: 01/19/2015