

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: HB 1287

- 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			\$(415,646,000)	\$415,646,000		
Expenditures						
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).*

HB 1287 changes the State Aid Distribution Fund and makes it the source of revenue for the state-paid property tax credit.

- 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.*

HB 1287 increases the share of sales and motor vehicle excise tax that is distributed to the State Aid Distribution Fund (SADF) from the current level of 8.7% to 20% of total collections. This change reduces state general fund revenues and increases SADF revenues by an estimated \$415,646,000 (from \$320.011 million to \$735.657 million) in the 2015-17 biennium as shown in 1A above.

Under the provisions of the bill, one-half of the entire SADF will be distributed to cities and counties according to the current provisions governing the 8.7% SADF distribution. This will increase SADF revenues to cities and counties by an estimated \$47.818 million (from \$320.011 million to \$367.829 million) during the 2015-17 biennium.

The other one-half of the SADF revenue - estimated to total \$367.829 million - will be used for the state paid property tax credit for tax years 2016 and 2017. This will replace - and expand upon - the 12% tax credit currently estimated to total \$250 million for tax years 2015 and 2016. NOTE: The provisions of HB 1287 as written may exclude tax year 2015 from receiving a property tax relief credit.

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 funding provided through this bill for property tax relief would replace the current 12% property tax credit. The continuation of the 12% property tax credit is included in the executive budget at \$250 million. The interim Taxation Committee recommended HB1059, which contains a \$230 million appropriation to continue the program for the 2015-17 biennium.

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