

FISCAL NOTE
Requested by Legislative Council
04/01/2019

Amendment to: HB 1174

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(2,200,000)			
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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 1174 with Senate Amendments will create a new individual income tax deduction for eligible individuals whose social security benefits are taxed under federal income tax law.

- 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.*

Sections 1 and 2 of the bill make technical changes corresponding to the change made in Section 3 of the bill. Section 1 of the bill provides that the full amount of social security benefits are to remain part of income for purposes of the homestead property tax credit income test, even though they are excluded from income tax. Section 2 of the bill provides that social security benefits are to be included in the calculation of the marriage penalty income tax credit only to the extent they remain part of North Dakota taxable income.

Section 3 of the bill provides that individuals having a federal adjusted gross income of \$50,000 or less may reduce their North Dakota taxable income by the amount of their social security benefits that are taxed under federal income tax law. (This threshold applies per return, regardless of their filing status.) This change will have a fiscal impact.

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, Section 3 of HB 1174 with Senate Amendments is expected to reduce state general fund revenues by an estimated \$2.2 million in the 2019-21 biennium.

- 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.*

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