

FISCAL NOTE
Requested by Legislative Council
01/12/2019

Bill/Resolution No.: HB 1406

- 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						
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 1406 will expand the existing corporate income tax credit for hiring an individual who is developmentally disabled or chronically mentally ill.

- 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 expands an existing income tax credit allowed to a corporation for hiring an individual who is developmentally disabled or chronically mentally ill. Under current law, the credit is 5% of the first \$6,000 of wages paid during the first 12 months of employment paid to the employee. The credit may not exceed 50% of the corporation's tax liability.

The bill provides that, in lieu of the 5% credit rate, the credit rate is 25% if the Department of Human Services, Vocational Rehabilitation Division, certifies that the employee does not have reasonable prospects for competitive employment.

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.*

Originally created in 1987, the credit under current law has had little, if any, use. For the 2006 through 2017 tax years, for which data is available, the current law's credit has not been claimed by any corporation.

If enacted, HB 1406 may reduce state general fund revenues for the 2019-21 biennium. The amount of the reduction, if any, cannot be determined because it is not known to what extent corporations will hire eligible employees.

- 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.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

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