

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/14/2021**

Bill/Resolution No.: HB 1341

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			\$3,000,000			
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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 1341 raises the state minimum wage rate in annual increments of \$1.00 per hour.

- 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 1341 raises the state minimum wage to \$9.00 per hour, effective August 1, 2021, with \$1.00 per hour incremental increases each year until 2027, at which time the state's minimum wage rate would be \$15.00 per hour.

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, HB 1341 would likely increase individual income taxes for those taxpayers paid at the minimum wage, as well as those taxpayers whose wage may also be increased due to corresponding upward wage pressure. Married taxpayers with adjusted gross income below \$25,000, and single taxpayers with adjusted gross income below \$18,000 are those most likely affected. These groups of taxpayers collectively pay state individual income taxes of approximately \$6 million annually. A minimum wage increase to \$9, and then to \$10 per hour may increase these tax liabilities by an estimated \$3 million in the 2021-23 biennium.

There may also be some additional sales tax revenue associated with these wage increases, but that would be difficult to estimate and dependent upon the type and level of spending in each impacted household. Any sales tax increase associated with HB 1341 cannot be determined.

- 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

**Date Prepared:** 01/29/2021