

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

House Bill 731 (1967 Legislature)

(list bill or resolution and number, if available, or subject

Amendment to:

(list bill or resolution and number)

REQUESTED BY: Serge Garrison, IRC DATE OF RECEIPT 19

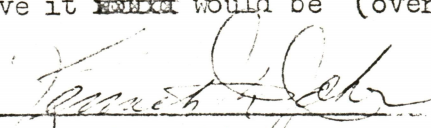
In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed attach a supplementary sheet. Please type.

This House Bill has the same provisions that are contained in Senate Bill 141 and does include in the body of the bill amendments for an effective date, an emergency clause, and an amendment of section 57-39.1-02, all of which are included in the title ~~of~~ to S.B. 141 but were presumably inadvertently omitted from the body of S.B. 141.

The estimated revenue yield from H.B. 731 is therefore the same as for S.B. 141 and is estimated to be \$70,485,291 for the fiscal 1967-1969 biennium. Of this amount, all would be credited to the state general fund except \$643,472 which would be credited to the motor vehicle registration fund pursuant to section 47 of this bill; in this connection see also Item 3 of the attached Supplemental Schedule, which Schedule is a duplicate of that prepared for S.B. 141.

This \$70,485,291 estimated revenue yield would be reduced by some undeterminable amount by the exemption in subsection 12 of section 4, page 10, of the bill for purchases of \$10.00 or more in the state made for use outside of the state. ~~We have no information on which to base an estimate of reduction in tax yield~~ that would be caused by this exemption, but we believe it ~~would~~ would be (over)
Date of preparation: January 29, 1967

Signed



By

Kenneth M. Jakes
State Tax Department

relatively small, since it is limited to purchases for use in adjoining states that do not have a ~~any~~ sales tax (Minnesota and Montana) when such purchases are made by persons who come here specifically to make such purchases and since if delivery of the purchase was made by the retailer to a point outside the state or was delivered by mail or common carrier, the purchase would be exempt ~~in any way~~ as an interstate commerce transaction.

For H. B. 731

SUPPLEMENTAL SCHEDULE TO FISCAL NOTE FOR SENATE BILL NO. 141 (1967
(Sales and Use Tax Bill))

| Items Considered in the Estimated 3% Tax Yield of Senate Bill 141 | Amount Collected in Calendar Year 1966 Column 1 |
|---|---|
| Item 1: Actual collections of 2½% use tax (sales tax was not in effect) in calendar year 1966 by the tax department, all of which tax base would be taxed by S.B. 141, except as noted in Item 5, below, and as noted in the fiscal note with respect to in-state purchases for out of state use..... | \$20,533,143.88 |
| Item 2: Actual collections by motor vehicle department of 2% excise tax on motor vehicle transfers under Chapter 57-39.1, MDCC: a. Sales by dealers..... b. Transfers by persons other than dealers..... | 2,224,372.18 203,041.57 |
| Item 3: Actual collections of 2½% excise tax in calendar year 1966 (except for about 2 months at 2%, less trade-in allowances) by motor vehicle department on motor vehicles and mobile homes from outside the state..... | 482,004.00 |
| Item 4: Totals..... | |
| Item 5: Subtract: a. Estimated annual revenue of 3% on sand and gravel included in Item 1, above, but not taxed by S.B. 141..... \$ 65,000. b. Estimated 50% reduction of amount shown in Item 3 because S.B. 141 imposes tax on the difference between the full price and the trade-in allowance rather than on the full price as in Item 3..... <u>321,736.</u> | |
| Item 6: Difference between Item 4 and Item 5..... | |
| Item 7: Estimated increase in Item 6, Column 2, because of economic growth and price increases (estimated at 3% increase annually). | |
| Item 8: Communication service (telephone and telegraph) not taxed since July 1, 1965, but taxed by S.B. 141. (estimated 3% tax yield)..... | |
| Item 9: Hotel and motel accommodations (estimated 3% tax yield)..... | |
| Item 10: Motion pictures admissions (estimated 3% tax yield)..... | |
| Item 11: Amusements (estimated 3% tax yield)..... | |
| Item 12: Estimated revenue from S.B. 141 during the July 1, 1967 thru June 30, 1969, biennium..... | |

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| Amount in Column 1 Converted to a 3% Tax Yield | |
|---|---------------------------------|
| For one Year Column 2 | For the Biennium Column 3 |
| \$27,377,525. | \$54,755,050. |
| 3,336,558. | 6,673,116. |
| 304,562. | 609,124. |
| <u>643,472.</u> | <u>1,286,944.</u> |
| \$31,662,117. | \$63,324,234. |
| <u>386,736.</u> | <u>773,472.</u> |
| \$31,275,381. | \$62,550,762. |
| | 2,842,931. |
| 1,450,000. | 2,900,000. |
| 624,226. | 1,248,452. |
| 99,360. | 198,720. |
| <u>372,213.</u> | <u>744,426.</u> |
| | <u>\$70,485,291.</u> |