

office

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

Senate Bill 141 (1967 Legislature)

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

Amendment to:

(list bill or resolution and number)

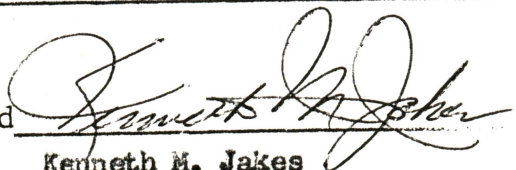
REQUESTED BY: Serge Garrison, LHC DATE OF RECEIPT 1-19 1967

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.

The attached supplemental schedule shows an estimated revenue yield of \$70,485,291 for the fiscal biennium of 1967-1969. 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 the bill; in this connection see also Item 3 of the Supplemental Schedule.

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 be relatively small, since it is limited to purchases for use in adjoining states that do not levy a 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 outside the state or was delivered by mail or common carrier, the purchase would be exempt anyway as an interstate commerce purchase.

Date of preparation: January 29, 1967

Signed 
By Kenneth M. Jakes
State Tax Department

The title to this bill indicates that it is an emergency measure and that it would also amend section 57-39.1-02 but sections for these provisions are not included in the body of the bill. The computations for the above revenue estimate for this bill is based on the assumption that it would be amended to add the amendment of section 57-39.1-02 and that it would also be amended to include the emergency provisions with an effective date of April 1, 1967.

SUPPLEMENTAL SCHEDULE TO FISCAL NOTE FOR SENATE BILL NO. 141 (1967 LEGISLATURE)
(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	Amount in Column 1 Converted to a 3% Tax Yield	
		For one Year	For the Biennium
		Column 2	Column 3
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	\$27,377,525.	\$54,755,050.
ITEM 2: Actual collections by motor vehicle department of 2% excise tax on motor vehicle transfers under Chapter 57-39.1, NDCC: a. Sales by dealers..... b. Transfers by persons other than dealers.....	2,224,372.18 203,041.57	3,336,558. 304,562.	6,673,116. 609,124.
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.....	482,604.06	643,472.	1,286,944.
ITEM 4: Totals.....		\$31,662,117.	\$63,324,234.
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..... 321,736.		386,736.	773,472.
ITEM 6: Difference between Item 4 and Item 5.....		\$31,275,381.	\$62,550,762.
ITEM 7: Estimated increase in Item 6, Column 2, because of economic growth and price increases (estimated at 3% increase annually).			2,842,931.
ITEM 8: Communication service (telephone and telegraph) not taxed since July 1, 1965, but taxed by S.B. 141. (estimated 3% tax yield).....		1,450,000.	2,900,000.
ITEM 9: Hotel and motel accommodations (estimated 3% tax yield).....		624,226.	1,248,452.
ITEM 10: Motion pictures admissions (estimated 3% tax yield).....		99,360.	198,720.
ITEM 11: Amusements (estimated 3% tax yield).....		372,213.	744,426.
ITEM 12: Estimated revenue from S.B. 141 during the July 1, 1967 thru June 30, 1969, biennium.....			\$70,485,291.