

office

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to: S.B. 387

Senator Herrett's proposed bill for a 1% tax on the difference between net income under ~~57-38-21~~ and exemptions under ~~57-38-26~~, less 30% credit for
(list bill or resolution and number, if available, or subject
personal property taxes paid, but to apply only to individuals, estates and trusts.
Amentment to: _____
(list bill or resolution and number)

REQUESTED BY: Serge Garrison DATE OF RECEIPT Jan 20(7) 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.

Adequate information relating to personal property taxes paid by corporations is not available but is necessary in order to estimate the revenue from this proposal because corporations would not come under this bill and so no credit for personal property taxes paid then could be taken.

It is estimated on the basis of the 1965 income tax returns filed that the 1% rate on the income figure designated by the bill would amount to about \$6,485,000, of which \$6,035,300 would be from residents of North Dakota.

If this bill had been in effect for 1965, the 1964 personal property taxes would be payable in 1965 and used as a credit against the 1% tax. The 1964 taxes levied on rural personal property were \$10,484,668 and on personal property in organized cities and villages the amount levied was \$8,464,200.

Assuming, without having any adequate information to support the assumption, that none of \$10,484,668 taxes on rural personal property was paid by corporations and that half of the city and village taxes of \$8,464,200 was paid by corporations, there would then have been \$14,718,768 paid by individuals, estates and trusts; 30% of this \$14,718,768 amounts to \$4,415,600, which represents the maximum potential credit against the

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1% income tax of \$6,485,000, or a net estimated yield for one year of a little over \$2,000,000. Since all potential property tax credit would not be used because it would exceed the 1% tax on many returns, the amount of revenue annually from this bill should then exceed \$2,000,000 by a substantial amount, but this ~~excess~~ of course assumes that the other estimates made in arriving at this \$2,000,000 are reasonable correct.

Signed _____
By L. Farnsworth Baker
Tax Dept
Jan 23, 1967