

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

Senate Bill 65

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

Amendment to:

(list bill or resolution and number)

REQUESTED BY: L.R.C. DATE OF RECEIPT Jan. 6, 19 69

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.

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See Attached Sheets

Date of preparation: January 15, 1969

Signed

A. E. Hausauer

Typed name A. E. Hausauer

Department State Tax Department

A computer print-out lists a total of 7,769 1967 returns filed in 1968 by residents taking a credit for taxes paid to another state of which 4,784 are taxable and 2,985 are nontaxable. The total amount of tax credit taken by these 7,769 resident filers for taxes paid to another state is \$743,543.16. A map showing the number of residents claiming taxes paid to another state, by county, is attached.

A computer print-out also lists a total of 21,769 1967 returns filed in 1968 by nonresidents of which 14,208 are taxable and 7,561 are nontaxable. The total amount of revenue received from these 14,208 taxable returns is \$611,997.89.

In 1965 audits were made on approximately 1100 resident returns who had taken a credit for taxes paid to another state in an effort to determine if the credits taken were justified. It was determined that approximately 73.5% of the total tax credit taken by these resident filers was not justified.

If this 73.5% figure is applied to the total amount of tax credit taken on 1967 returns filed in 1968, the amount of revenue reflected as credit for taxes paid to another state would be reduced from \$743,543.16 to \$197,038.94.

This figure of \$197,038.94 subtracted from the \$611,997.89 received from nonresident filers would result in an estimated decrease in revenue of \$414,957.95. Lack of salary appropriations to the tax department for additional auditors makes adequate enforcement in this area impossible at this time.

Nonresident returns reflect income from all North Dakota sources, including income from real property as well as salaries and wages. No reliable breakdown is available as to income from property or wages.

In summary it is anticipated that the decrease in revenue would not exceed a maximum of \$400,000 per year, or \$800,000 a biennium.

Summary

Number of residents taking a tax credit for taxes paid to another state:

Taxable	4,784	
Nontaxable	<u>2,985</u>	
Total		<u>7,769</u>

Amount of tax credit taken by residents for taxes paid to another state:

Total	\$ <u>743,543.16</u>
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Number of nonresident returns:

Taxable	14,208	
Nontaxable	<u>7,561</u>	
Total		<u>21,769</u>

Revenue received from nonresident returns:

Total	\$ <u>611,997.89</u>
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Amount of tax credit taken by residents for taxes paid to another state

\$ 743,543.16

Less 73.5%

546,504.22

Net estimated justifiable tax credit

\$ 197,038.94

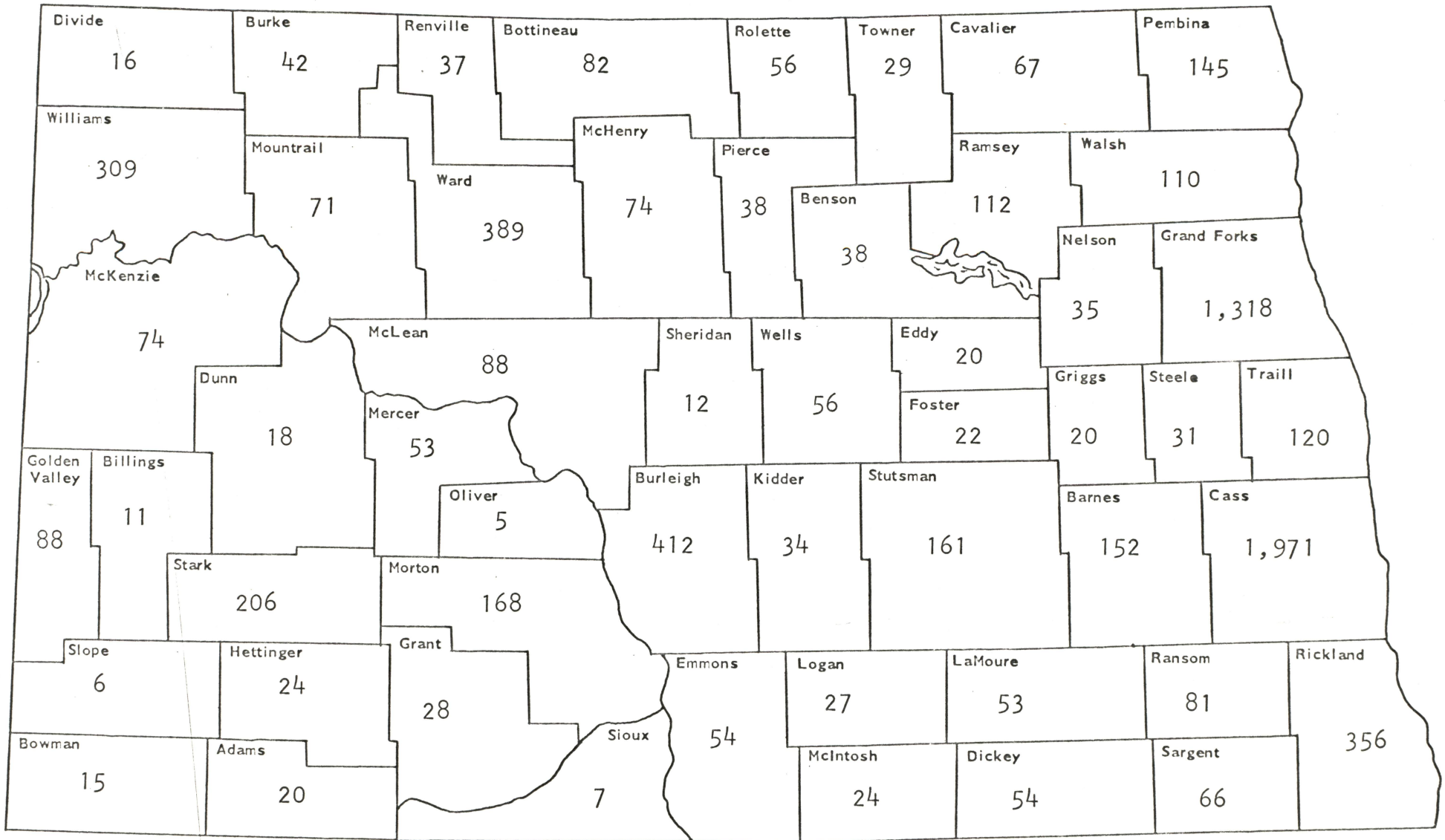
Revenue received from nonresident returns

\$ 611,997.89

Net estimated possible decrease in revenue

\$ 414,957.95

No. of Residents Taking a Credit  
For Taxes Paid To Another State



There are also 264 returns which cannot be classified by county because of insufficient information listed on those returns

Taxable returns	4,784
Nontaxable returns	<u>2,985</u>
<b>TOTAL RETURNS</b>	<b>7,769</b>

SUPPLEMENTAL SCHEDULE TO FISCAL NOTE FOR SENATE BILL NO. 65  
SCHEDULE SHOWING NONRESIDENT FILINGS

<u>State</u>	<u>Total Returns</u>	<u>Taxable</u>	<u>Nontaxable</u>	<u>Total Tax Liability</u>
Alaska	43	31	12	473.34
Alabama	13	8	5	74.53
Arizona	206	146	60	6,884.58
Arkansas	27	14	13	166.78
California	1,547	1,047	500	23,403.58
Canal Zone	3	2	1	34.10
Colorado	345	233	112	10,240.81
Connecticut	24	19	5	207.85
Delaware	10	5	5	39.14
District of Columbia	28	23	5	514.32
Florida	138	92	46	3,275.07
Georgia	14	8	6	327.61
Guam	0	0	0	0
Hawaii	17	11	6	168.20
Idaho	119	76	43	1,167.51
Illinois	467	327	140	6,132.83
Indiana	98	75	23	952.29
Iowa	418	304	114	6,044.60
Kansas	164	118	46	4,616.36
Kentucky	22	19	3	347.91
Louisiana	33	24	9	457.20
Maine	6	5	1	408.98
Maryland	62	46	16	1,995.87
Massachusetts	38	27	11	429.57
Michigan	150	104	46	1,873.57
Minnesota	6,642	4,064	2,578	109,529.85
Mississippi	3	3	0	60.93
Missouri	120	85	35	2,194.90
Montana	1,379	873	506	26,409.86
Nebraska	145	100	45	2,020.53
Nevada	33	24	9	287.70
New Hampshire	7	3	4	65.50
New Jersey	25	16	9	381.64
New Mexico	68	48	20	1,562.80
New York	111	72	39	1,889.86
North Carolina	25	14	11	288.54
Ohio	86	57	29	697.87
Oklahoma	120	79	41	2,496.87
Oregon	518	360	158	6,029.69
Pennsylvania	58	43	15	1,590.00
Puerto Rico	1	1	0	3.00
Rhode Island	5	2	3	22.53
South Carolina	15	9	6	182.15
South Dakota	784	522	262	19,785.09
Tennessee	23	14	9	168.20
Texas	232	165	67	15,678.29
Utah	39	27	12	470.04

<u>State</u>	<u>Total Returns</u>	<u>Taxable</u>	<u>Nontaxable</u>	<u>Total Tax Liability</u>
Vermont	4	3	1	91.52
Virginia	70	55	15	1,750.15
Virgin Islands	2	2	0	20.37
Washington	1,101	766	335	19,631.47
West Virginia	6	5	1	54.01
Wisconsin	486	336	150	6,193.82
Wyoming	93	67	26	1,784.51
*Misc.	<u>5,576</u>	<u>3,629</u>	<u>1,947</u>	<u>320,419.60</u>
Totals	21,769	14,208	7,561	\$ 611,997.89

\*Misc. includes returns from aliens and returns which were key punched without showing a state abbreviation.