

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

(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, 1969

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.

See Attached Sheet

Date of preparation: January 16, 1969

Signed A. R. Hausauer

Typed name: A. R. Hausauer

Department: State Tax Department

Senate Bill 96

Except for whatever appropriation may be necessary with this bill, the Multistate Tax Compact would have negligible affect on state general fund revenue since its provisions for apportioning business income between states for income tax purposes and for giving use tax credit for sales or use taxes paid in another are already a part of our laws.

The proposed Ribicoff bill that will be introduced in the United States Senate to restrict rights of states to levy income taxes on business income and to levy use taxes on property purchased outside of North Dakota for use here will have a severe affect on state general fund revenues if enacted. Accurate statistics are not available, but it is estimated that the income apportioning formula of that bill could reduce North Dakota income tax revenues from interstate business income by as much as \$1,000,000 per year and that the use tax provisions, particularly the one relating to freight charges excluded from the purchase price of interstate shipments to purchasers in this state, may reduce that revenue source by several hundred thousand dollars. The annual reduction on North Dakota revenues if this bill were enacted would therefore probably be somewhere between \$1,000,000 and \$2,000,000 annually.

The Willis bill that passed the House in Congress last year but which is now dead would not have had nearly as severe affect on North Dakota revenue because it did not apply to interstate businesses whose average annual incomes were over \$1,000,000, but, it nevertheless would have caused a substantial reduction in North Dakota tax revenue.