

Requested by: Legislative Council Date of Receipt: 4-19-83

Please estimate the fiscal impact of the above measure for: Engrossed SB 2497

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

Dated 4-19-83

If Engrossed SB 2497 is enacted into law as amended (amendments attached), revenue to the State General Fund would be increased from \$96,800,000 to \$108,700,000 in the 1983-85 biennium.

If the one percent (1%) increase in sales and use tax is triggered on July 1, 1984, then the State General Fund is further increased in fiscal year 1984-1985 from \$30,900,000 to \$34,200,000. It is not anticipated that this will happen assuming the most current revenue forecasts.

State Fiscal Effect:


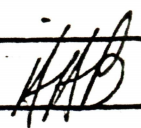
<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>
	+\$42,700,000		+\$54,100,000		+\$96,800,000
	to		to		to
	+\$47,000,000		+\$61,700,000		+\$108,700,000

County and City Fiscal Effect:

<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Date prepared: 4-20-83

Signed 
 Typed Name C. William Cudworth
 Department TAX 

To Bill CerdworthPROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2497
(Alternative Amendment No. 2)

That the House recede from its amendments and that engrossed Senate Bill No. 2497 be further amended as follows:

On page 1 of the engrossed bill, line 1, after the word "Act" insert the words "to provide for a contingent sales and use tax increase;"

On page 1 of the engrossed bill, after line 9, insert the following new section:

"SECTION 1. Contingent sales and use tax increase.

1. The director of the office of management and budget shall consult the tax commissioner and state treasurer prior to May 10, 1984, and determine general fund revenue receipts for the period from July 1, 1983, through April 30, 1984. The director of the office of management and budget shall certify the amount of receipts determined to the budget section of the legislative council on or before May 15, 1984.
2. If the amount certified under subsection 1 is less than four hundred million dollars the rate of sales and use taxes on all items taxable under subsection 1 of section 57-39.2-02.1 or subsection 1 of section 57-40.2-02.1 shall be increased by one percentage point for the period beginning July 1, 1984, and ending June 30, 1985, unless the budget section of the legislative council determines pursuant to subsection 3 that a tax increase is not necessary.
3. The decision of the budget section of the legislative council under subsection 2 shall be based upon the following guidelines and considerations:
 - a. A review of the effect on projections by the office of management and budget of the state general fund balance on June 30, 1985, if the tax increase provided in this section does not become effective.
 - b. Any revenue collections that will be deposited during the remainder of the biennium, including effects on cash flow.
 - c. The effect on the economic welfare of the state and its citizens of the tax increase provided in this section.

d. The effect of changes in oil prices or other economic indicators on projections of revenue for the remainder of the biennium.

4. For the purposes of administering this section, the provisions of chapters 57-39.2 and 57-40.2 concerning the imposition, collection, distribution, and administration of the sales and use tax laws shall govern the taxes levied pursuant to this section.

5. The tax commissioner is authorized to administratively adjust the bracket system contained in section 57-39.2-08.2 to reflect any change in tax rates which is caused by operation of this section."

On page 3 of the engrossed bill, line 14, delete the numeral "1,"

On page 3 of the engrossed bill, line 15, delete the words "and 3" and insert in lieu thereof the words "3, 4, and 5", and delete the word "two" and insert in lieu thereof the word "three"

On page 3 of the engrossed bill, line 17, after the first comma insert the numerals "57-38-29.1,"

On page 3 of the engrossed bill, line 20, after the period delete the remainder of the line

On page 3 of the engrossed bill, delete line 21

And renumber the lines, sections, and pages accordingly