

FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: HB 1440

Amendment to: _____

Requested by Legislative Council

Date of Request: 1/20/99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative: HB 1440 establishes state income tax rates on taxable income that are approximately revenue neutral with current law. However, some provisions of HB 1440 result in a change from the current taxing method and therefore change estimated revenues. The most significant changes between HB 1440 and current law include: The federal rate ceiling on capital gain income (which lowers revenue under current law and is not addressed in HB 1440, thereby increasing revenues), the broadening of the base in HB 1440 to include municipal interest from non-North Dakota sources and lump sum distributions deducted from federal gross income, the exclusion of federal alternative minimum tax and the federal penalty on early withdrawals from and IRAs. The net effect of HB 1440 is estimated to be an increase in revenues totaling between \$5 to \$7 million per year.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			+\$10 to +\$14 million			
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: _____
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- b. For the 1999-2001 biennium: \$200,000 in administrative costs
(Indicate the portion of this amount included in the 1999-2001 executive budget:)
- c. For the 2001-03 biennium: _____

4. **County, city, and school district** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed
attach a supplemental sheet.

Signed: 

Typed Name: Kathryn L. Strombeck

Department: Tax

Date Prepared: January 27, 1999

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