

FISCAL NOTE
Requested by Legislative Council
12/16/2010

Bill/Resolution No.: SB 2055

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2055 creates two new income tax credits for purchases of machinery and equipment used to automate the manufacturing process and for qualified expenditures relative to lean manufacturing.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of SB 2055 creates a corporation and individual income tax credit for certified primary sector businesses equal to 20% of the cost of purchasing equipment for automating the manufacturing processes. The total amount of tax credits for automation is limited to \$2 million per tax year.

Section 3 of SB 2055 creates a corporation and individual income tax credit for certified primary sector businesses equal to 20% of qualifying expenditures associated with implementing lean manufacturing. The total amount of tax credits for lean manufacturing is limited to \$2 million per tax year.

Combined, the two tax credits could result in a reduction in state general fund revenues up to \$8 million for the 2011-13 biennium. The actual amount of automation and lean manufacturing expenses that will qualify for the credit cannot be determined.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

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