

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Bill/Resolution No.: SB 2273

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 2273 will allow the angel fund investment tax credit currently allowed under North Dakota income tax law to be claimed by a bank or other entity subject to North Dakota's financial institution tax.

- 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 1 of the bill adds a new provision to North Dakota's financial institution tax law that will allow a bank or other financial institution to claim the angel fund investment tax credit currently allowed under North Dakota income tax law. The credit is allowed for making an investment in a North Dakota certified angel fund. The credit is equal to 45% of the investment, up to a maximum credit of \$45,000 per tax year. It is presumed for purposes of this fiscal note that the credit is intended to offset only the state general fund portion of the total financial institution tax; however, this intent is not clear from the language in the bill because no change is being made to the financial institution tax law provision governing this matter. If enacted, Section 1 of SB 2273 may reduce state general fund revenues for the 2013-15 biennium. The amount of the reduction cannot be determined because the number of financial institutions and their investments in angel funds cannot be predicted. Section 2 of the bill amends the angel fund investment tax credit provisions under North Dakota income tax law to allow the credit against the financial institution tax. It also changes the provision that sets a lifetime limit of \$150,000 on the amount of total angel fund tax credits allowed to a taxpayer to remove the limitation in the case of individuals. The lifetime limit will still apply to a regular ("C") corporation, a financial institution, or a passthrough entity (such as a partnership or S corporation). If enacted, Section 2 of SB 2273 may result in a reduction to state general fund revenues for the 2013-15 biennium because of the removal of the lifetime ceiling on individuals. The amount of that reduction cannot be determined because the amount of future investment in angel funds and the extent to which the resulting credits will exceed any individual's lifetime limit cannot be predicted.

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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