

FISCAL NOTE
Requested by Legislative Council
05/02/2013

Amendment to: Reengrossed SB 2325

- 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			\$(3,390,000)	\$11,590,000		
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		\$(2,868,000)	
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).*

Second engrossed SB 2325 with Conference Committee Amendments reduces the distribution tax rate for companies engaged in the distribution of electricity, repeals the Financial Institutions Tax, and makes income tax changes.

- 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 7 of second engrossed SB 2325 with Conference Committee Amendments reduces the distribution tax rate from \$1.00 to \$.80 per megawatt-hour for the retail sale of electricity. Section 12 increase the long-term capital gain and qualified dividend income exclusion for individuals from 30% to 40%. Section 16 increases the portion of the sales and use, gross receipts, ad motor vehicle excise tax collections deposited into the state aid distribution fund from 40% to 43.5% for the purpose of replacing the decrease in revenues to counties and their political subdivisions resulting from the repeal of the financial institutions tax. Section 17 repeals the financial institutions tax.

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.*

If enacted, second engrossed SB 2325 with Conference Committee Amendments is expected to reduce county revenue by an estimated \$2.868 million in the 2013-15 biennium from the reduction in the tax on the distribution of electricity. The repeal of the financial institutions tax and imposition of the corporate income tax for financial institutions is expected to result in a net increase in state general fund revenues of \$22.5 million. The repeal of the existing financial institution tax is expected to reduce state general fund revenues \$7.3 million in the 2013-15 biennium. The increase in the long-term capital gain and qualified dividend income exclusion is expected to reduce state general fund revenues by an estimated \$7 million in the 2013-15 biennium. The expanded transfer to the state aid distribution fund is expected to reduce state general fund revenues and increase state aid distribution fund revenues by an estimated \$11.59 million in the 2013-15 biennium.

- 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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