

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/29/2013**

Bill/Resolution No.: SB 2364

- 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
<b>Revenues</b>			\$18,500,000			
<b>Expenditures</b>						
<b>Appropriations</b>						

- 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
<b>Counties</b>		\$(9,800,000)	
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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 2364 repeals the North Dakota financial institution tax, and those entities that were subject to the financial institution tax will be subject to the North Dakota income 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.*

SB 2364 repeals the North Dakota financial institution tax, and those entities that were subject to the financial institution tax will be subject to the North Dakota income tax. This will affect both the state general fund and the financial institution tax distribution fund. Of the total financial institution tax revenue collected, 3/13ths is deposited into the state general fund and 10/13ths is deposited into the financial institution tax distribution fund. The revenues deposited into the financial institution tax distribution fund are distributed to the counties.

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, SB 2364 is expected to increase state general fund revenues by an estimated net amount of \$18.5 million for the 2013-15 biennium, consisting of an estimated increase of \$25.8 million in income tax and an estimated decrease in the state general fund portion of the financial institution tax of \$7.3 million. The 10/13ths portion of the financial institution tax revenues for the 2012 tax year due on January 15, 2014, is unaffected by this bill, and will be the last deposit into the financial institution tax distribution fund. The bill does not provide for a replacement of this revenue distribution to the counties, and results in an estimated shortfall of \$9.8 million for the counties' share of the 2013 tax year, that would have become due on January 15, 2015.

- 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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