

FISCAL NOTE
Requested by Legislative Council
01/15/2015

Bill/Resolution No.: HB 1344

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(73,600,000)	\$73,600,000		
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

HB 1344 creates a sales tax equity fund to provide additional sales tax revenues to cities and counties.

- 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.*

If enacted, HB 1344 is expected to reduce state general fund revenues by an estimated \$73.6 million in the 2015-17 biennium. This revenue will be transferred to the sales tax equity fund. Approximately \$18.4 million of the revenue in the sales tax equity fund will be distributed under the same provisions as the current law distribution of state aid distribution fund revenues. (This is 2.5% of allocable income, as defined in the bill.) Approximately \$18.4 million will go to all cities with annual taxable sales and purchases greater than \$100,000 but less than \$1 billion. (This is 33.33% of 7.5% of allocable income, as defined in the bill.) Approximately \$36.8 million will go to all cities with annual taxable sales and purchases greater than \$1 billion. (This is 66.7% of 7.5% of allocable income, as defined in the bill.)

There are expected to be six cities sharing in the \$36.8 million component of the sales tax equity fund (66.7% of 7.5% of allocable income). There may be as many as 400 cities that could share the \$18.4 million component (33.3% of 7.5%) If the bill is amended to refer to cities with \$100,000,000 in annual taxable sales and purchases (in place of \$100,000) the count drops to approximately 8 cities sharing in the revenue.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/22/2015