

FISCAL NOTE
Requested by Legislative Council
02/11/2015

Amendment to: SB 2340

- 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			\$(2,000,000)			
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).*

Engrossed SB 2340 expands the provisions regarding the income tax credit for purchasing machinery and equipment for the purpose of automating a manufacturing process. The bill also removes the sunset on the tax credit.

- 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.*

Current law allows an income tax credit to certified primary sector businesses equal to 20% of the purchase price of automation and robotic machinery and equipment that is acquired to automate a manufacturing process. The law limits the total credits allowed to all taxpayers to \$2 million per calendar year, which are allowed on a first come, first serve basis according to the date of purchase. Engrossed SB 2340 will make three changes to the law: First, it expands an eligible purchase to include an acquisition by means of a "lease-purchase" agreement. Second, if the \$2 million credit ceiling is reached, the bill requires that the \$2 million in credits are to be prorated among the qualifying taxpayers based on their respective qualifying purchases. And, third, it makes the changes effective for tax years 2015 and after. (Under current law, the credit would sunset at the end of 2015.)

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.*

The \$2 million cap was reached in 2013 and 2014, the first two years of the automation income tax credit program. Based on the interest in and use of the program for the first two years, it is expected that engrossed SB 2340 will reduce state general fund revenues by -\$2 million for the second year of the 2015-17 biennium. The fiscal impact for the first year of the 2015-17 biennium, which also is expected to reach the -\$2 million credit ceiling, is attributable to previously enacted law, and contained in the existing, baseline forecast. Therefore, only the second year of the biennium - and subsequent biennia - are affected.

- 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.*

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