

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: SB 2292

- 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 | | | \$(118,000,000) | | | |
| 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).*

SB 2292 authorizes businesses to elect to use a sales-only factor for apportioning business income.

- 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 2292 allows businesses that apportion income to voluntarily elect to use a single sales factor. The election is binding for five consecutive tax years. An analysis of the corporate income tax base indicates this election will result in a reduction in corporate income tax liabilities totaling between 20% to 25% of the tax base. If enacted, SB 2292 is expected to result in a decrease in state general fund revenues totaling an estimated \$118 million in the 2015-17 biennium.

Qualifying passthrough entities may also make the sales-only election. The additional revenue loss associated with passthrough entities that choose the election cannot be determined and are not contained in 1A above.

Section 2 deals with the Multistate Tax Compact. Chapter 57-59 relating to the Compact is being repealed and reenacted in its entirety, except for provisions that relate to requiring or allowing for an equally weighted three-factor apportionment formula. There is no additional impact on revenues due to this section.

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

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