

FISCAL NOTE
Requested by Legislative Council
01/23/2017

Bill/Resolution No.: SB 2305

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 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 2305 creates a new income tax credit for a corporation that reimburses an employee for amounts the employee pays to provide child care for a minor under the legal guardianship of the employee.

- 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 2305 allows an income tax credit to a corporation equal to the amount paid to reimburse an employee for child care costs the employee incurs and pays as a legal guardian of a minor. The child care must be provided by a North Dakota-licensed child care provider. The credit is allowed in the tax year the reimbursement amount is paid. If the credit amount is more than the corporation's tax liability, the corporation may apply the unused portion against its tax liability in subsequent tax years.

The credit is limited to corporations that pay North Dakota income tax (which are referred to as "C" corporations). Approximately 11,400 of these corporations currently file a North Dakota income tax return. Of these, it is not known how many of the individuals employed by them would meet the conditions set out in the bill. It also is not known if any of these corporations currently reimburse part or all of their employees' child care costs, or which corporations would reimburse such costs if this bill is enacted.

If enacted, SB 2305 will potentially reduce state general fund revenues for the 2017-19 biennium. The amount of the reduction, if any, cannot be determined because the information required to make an estimate is unavailable and is dependent on the future behavior of corporations.

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: 701.328.3402

Date Prepared: 01/27/2017