

FISCAL NOTE
Requested by Legislative Council
01/15/2019

Bill/Resolution No.: SB 2302

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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 2302 creates an income tax credit for making contributions to the Housing Incentive Fund.

- 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.*

Section 1 of SB 2302 creates an income tax credit equal to the amount contributed to the Housing Incentive Fund administered by the North Dakota Housing Finance Agency. If the amount of the credit exceeds a taxpayer's tax liability for the tax year in which the contribution is made, the excess credit may be carried over and used on subsequent tax years' returns for up to 10 years. If the taxpayer claims a deduction for the contribution for federal income tax purposes, the taxpayer must increase North Dakota taxable income by the amount of the contribution to the extent it reduced federal taxable income.

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.*

A similar credit was allowed in each of the three previous bienniums with ceilings of \$15 million, \$20 million, and \$30 million, respectively. All of credits authorized in those prior bienniums were claimed by taxpayers.

SB 2302 sets a ceiling of \$10 million on the amount of allowable credits for tax years 2019 and after. Based on experience with this same credit in previous biennia, it is expected that the enactment of SB 2302 will reduce state general fund revenues by -\$10 million for the 2019-21 biennium.

- 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 Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/19/2019