

FISCAL NOTE
Requested by Legislative Council
01/07/2019

Bill/Resolution No.: HB 1233

- 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			\$(309,000,000)			
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).*

HB 1233 expands the existing individual income tax credit for making contributions to a qualified North Dakota endowment fund to also allow the credit for contributions to any qualified North Dakota nonprofit organization.

- 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 the bill will change North Dakota income tax law governing the existing endowment fund income tax credit allowed to individuals.

Current law provides an income tax credit to an individual who makes a charitable contribution to a North Dakota qualified endowment fund. A minimum amount of \$5,000 must be contributed for the contributions to that fund to qualify for the credit. The credit is equal to 40 percent of eligible contributions made to all funds during the tax year, up to a maximum credit of \$10,000 (or \$20,000, if married filing a joint return). If the credit exceeds the individual's tax in the contribution year, the excess credit may be carried over and used on subsequent tax years' returns for up to 3 years.

This bill will make two changes to the existing credit provisions: One, in addition to an endowment fund, the bill will allow an individual to claim the credit for making a contribution to a North Dakota qualified nonprofit organization that has been established in North Dakota for at least two years. Two, the bill will lower the minimum required contribution from \$5,000 to \$500 per qualified endowment fund or qualified nonprofit organization. These two changes will make this credit available to most individuals who currently make charitable contributions to endowment funds or nonprofit organizations in North Dakota and may provide an incentive for new donors.

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.*

If enacted, HB 1233 is expected to reduce state general fund revenues by an estimated amount between -\$284 million and -\$333 million for the 2019-21 biennium. The midpoint of this range is -\$309 million, as shown above in 1A. (This estimate is based on actual charitable contributions as reported to the IRS.)

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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