

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Revised
 Bill/Resolution No.: HB 1476

- 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						
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 1476 creates income tax credits for agricultural asset owners and beginning farmers.

- 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 HB 1476 creates two new income tax credits. One of the credits is allowed to individuals who sell or lease their agricultural assets to a beginning farmer. A second credit is allowed to a beginning farmer who participates in a financial management program approved by the North Dakota Credit Review Board (Board). The Board must approve and certify individuals' eligibility for the credits.

For agricultural asset owners, the amount of the credit varies depending on whether the assets are sold or leased to the beginning farmer. If the assets are sold, the credit rate is 5% of the sales price. If the assets are leased, the credit rate is 10% or 15% of the gross rental income, depending on whether the contract is for cash or for a share of crops or livestock, respectively. In the case of a lease, the credit is allowed in each of three tax years. If the credit exceeds the tax liability in a tax year, the excess credit may be carried over to subsequent tax years for up to 15 years.

For beginning farmers, the credit equals the cost of participating in the financial management program during the tax year. An individual may claim this credit for up to three years of participation. A three-year carryover period is allowed for an unused credit.

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 1476 may reduce state general fund revenues for the 2019-21 biennium. The amount of the reduction, if any, cannot be determined because the extent of any qualifying activity is not known.

- 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: 01/28/2019