

FISCAL NOTE
Requested by Legislative Council
02/09/2021

Amendment to: HB 1374

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 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.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 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).*

Engrossed HB 1374 creates a new income tax deduction for individuals who receive certain COVID-19 related state or federal payments or benefits that are included in their federal taxable 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.*

Engrossed HB 1374 creates a new income tax deduction for individuals who receive COVID-19 related state or federal payments or benefits that are included in their federal taxable income. However, the bill specifically provides that such payments or benefits do not include state or federal unemployment benefits.

Except for taxable unemployment benefits, the bill is broad in scope in that it applies to “any payment or benefit...authorized by the state or federal government...in response to COVID-19... .” Individuals who operate a business as a sole proprietorship, and individuals who own an interest in a partnership or other pass-through entity, would be eligible for the deduction if their business receives any COVID-19 related business grant monies that are taxable for federal income tax purposes. It is not known what, if any, new COVID-19 related payment or benefit programs may be authorized in 2021 and after, and so the full extent of the type of payments or benefits that may be eligible for this deduction is not known.

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, engrossed HB 1374 may reduce state general fund revenues for the 2021-23 biennium, the extent of which is unknown. The amount of the reduction is dependent upon the type and amount of payments and benefits yet to be made in 2021 and after under state and federal programs in response to the COVID-19 pandemic.

- 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: 701328-3402

Date Prepared: 02/09/2021