

FISCAL NOTE

Requested by Legislative Council

12/13/2002

Bill/Resolution No.: SB 2054

1A. **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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	(\$700,000)		(\$3,200,000)		(\$4,500,000)	
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

If enacted, SB 2054 would repeal the corporate federal income tax deduction, remove the tax brackets, impose a flat corporate tax rate of 6.84% for the majority of taxpayers, and a flat rate of 9.9% for those taxpayers utilizing the Water's Edge filing option.

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.*

The bill is effective beginning with tax year 2003. The revenue loss in the current biennium is due to a reduction in the estimated payments on tax year 2003 liabilities. The estimated loss for the 2003-05 biennium reflects the 5% rate reduction on the portion of biennial revenues that are from 2003 and subsequent tax years. The estimate for the 05-07 biennium reflects the estimated fiscal impact assuming all returns filed in that biennium will be at the lower, flat rate.

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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