

FISCAL NOTE

Requested by Legislative Council

02/19/2003

Amendment to: SB 2374

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					
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
			\$7,000,000					

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

Engrossed SB 2374 repeals the federal income tax deduction for corporations and financial institutions, repeals the water's edge filing method for corporations, and imposes lower rates ranging from 2.6% to 7.2% of taxable income for corporations and 2.5% to 5.9% for financial institutions. These provisions are estimated to be revenue neutral to the state general fund. The counties will receive a one-time speed up of \$7 million from the counties share of the financial institutions tax. Under current law, the 2003 liability would be split; 2/7's of the tax would be due April 15, 2004 and the 5/7's county share of the 2003 tax would be due in January 2005. Engrossed SB 2374 bill changes the payment schedule beginning with tax year 2003 making the entire financial institutions tax due in early 2004.

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.*

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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