

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/16/2002

Bill/Resolution No.: HB 1054

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	\$913,482		\$3,069,806			
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.*

HB 1054 raises the maximum qualifying income to 140% of the single-person federal poverty level for applicants with no dependents, and to 140% of the two-person federal poverty level for applicants with one or more dependents. Those changes make current applicants eligible for greater reductions in taxable value of their homesteads, and also make the program available to new applicants for both the homeowner's credit and the renter's property tax refund whose income exceeds the limitations under existing law. HB 1054 also raises the maximum taxable valuation of a homestead for which an applicant may receive a reduction. This act is effective for taxable years after December 31, 2002, so it affects the 2001-03 biennium.

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.*

The estimated annual expenditures include \$3,339,022 for reimbursement to counties for taxes lost due to reductions in homeowners' taxable valuations and \$195,881 for renters' refunds, for a total of \$3,534,903. It will take \$913,482 in addition to the present fund balance of \$2,621,421 to pay the estimated amounts due in the remainder of the 2001-03 biennium. The same expense of \$3,534,903 is estimated for each fiscal year, or \$7,069,806 per biennium. It is not possible to know what changes will be made annually to the federal poverty level and what impact those changes will have on eligibility of applicants. The Governor's budget includes \$4,000,000 for the homestead tax credit for the 2003-05 biennium, resulting in estimated expenditures in excess of the appropriation of \$3,069,806 for the 2003-05 biennium.

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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**Agency:** Tax Dept.  
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