

FISCAL NOTE
Requested by Legislative Council
02/16/2007

REVISION

Amendment to: Engrossed
HB 1051

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$20,774,000)			
Expenditures			\$3,776,000	\$100,533,000		
Appropriations				\$116,700,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **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 1051 second engrossment provides state-paid property tax relief for certain resident property owners, modifies the homestead credit program, and increases the individual income tax brackets for married joint filers to twice the single brackets (to remove the "marriage penalty").

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 1051 second engrossment modifies the homestead credit program.

Section 5 of HB 1051 second engrossment provides the specifics of the state-paid property tax relief.

Section 9 of HB 1051 second engrossment changes the individual income tax brackets for married filers.

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.*

Section 9 of HB 1051 second engrossment updates the individual income tax brackets for Form ND-1 to the inflation-indexed level for tax year 2007. It also adjusts the "married-joint" brackets to twice the level of the single brackets, and makes the "married-separate" brackets equal to the single brackets. This removes the "marriage penalty" from the individual income tax brackets. This is expected to reduce state general fund revenues by an estimated \$20.774 million in the 2007-09 biennium.

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.*

Section 1 of HB 1051 second engrossment modifies the homestead credit program and is expected to increase state general fund expenditures by an estimated \$3.776 million in the 2007-09 biennium.

Section 5 of HB 1051 second engrossment provides state-paid property tax relief and is expected to increase permanent oil tax trust fund expenditures by an estimated \$100.533 million in the 2007-09 biennium.

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 is also included in the executive budget or relates to a continuing appropriation.*

Section 10 of HB 1051 second engrossment provides an appropriation of \$116,700,000 from the permanent oil tax trust fund for the state-paid property tax relief contained in Section 5 of Eng. 1051.

The expected biennial fiscal impact of the property tax relief contained in the original version of this bill (equal to the appropriation contained in Section 10 of HB 1051 second engrossment) is included in the executive budget.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	02/16/2007