

FISCAL NOTE
Requested by Legislative Council
01/10/2007

Bill/Resolution No.: HB 1247

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			(\$18,700,000)			
Expenditures						
Appropriations						

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 1247 increases the income tax credit for long-term care insurance premiums from \$100 to \$250 per insured per tax year. The bill also allows the tax credit - currently allowed only on the "long-form" - to be claimed on the state's standard income tax form, Form ND-1.

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 1247 increases the maximum tax credit to \$250 per insured individual per tax year, provided the policy is part of a qualified long-term care insurance contract. Section 2 of the bill allows the credit to be claimed on Form ND-1.

Using statistics supplied by the Insurance Department, which indicate approximately 38,000 North Dakotans are covered under long-term care policies, the bill is expected to reduce state general fund revenues by an estimated \$18,700,000 in the 2007-09 biennium. This assumes virtually all of the insured are part of a "tax qualified" insurance contract.

If the "tax qualified" component of HB 1247 means that there are some life insurance policy holders who would also qualify for this tax credit, in addition to the 38,000 long-term care policy holders, the negative fiscal impact would be greater than the amount shown above. Conversely, if a portion of the 38,000 covered by long-term care policies, held policies that were not "tax qualified" contracts, the appropriate tax credit would be the current law amount of \$100 per insured per year, reducing the fiscal impact shown above. These taxpayers would still benefit by the provision allowing the tax credit to be claimed on Form ND-1 however.

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, 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.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/15/2007