

**FISCAL NOTE**  
**Requested by Legislative Council**  
03/19/2009

Amendment to: Reengrossed  
HB 1324

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$57,000,000)		(\$114,000,000)	
<b>Expenditures</b>						
<b>Appropriations</b>						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 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 1324 2nd Engr with Senate Amendments reduces individual income tax rates beginning with the tax year 2010. It also repeals the state's optional filing method (Form ND-2) and replaces it with a new simplified filing method to be available to taxpayers that do not have tax deductions or credits.

**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.*

The rate reduction provisions of the bill are expected to reduce state general fund revenues by an estimated \$57 million per year. The rate reductions are effective beginning with tax year 2010, reducing revenues beginning with the second year of the 2009-11 biennium.

The repeal of existing Form ND-2 is expected to result in a small shift in revenues ranging from +/- \$100,000 for the 2009-11 biennium. (Note: 2007 tax liabilities on Form ND-2 returns totaled only \$907,000. Tax liabilities on 2007 Form ND-1 returns totaled \$288.3 million.)

The provisions authorizing a new simplified filing method for taxpayers with no tax deductions or tax credits is not expected to affect revenues. The tax rates and brackets in place for this new simplified filing method are the same as for the more detailed and lengthy existing filing method, Form ND-1.

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.*

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