

**FISCAL NOTE**  
**Requested by Legislative Council**  
03/04/2009

Amendment to: SB 2089

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
Revenues						
Expenditures						
Appropriations						

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).*

SB 2089 with House Amendments deals with add-back provisions for unitary groups of corporations that contain a member corporation that is a certain type of real estate investment trust. It also repeals obsolete code provisions relating to severed coal and mineral interests.

**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 SB 2089 with House Amendments addresses a specific situation which arises when a unitary group of corporations includes a corporation that is a "captive" Real Estate Investment Trust (REIT). Under current law both REIT income and all dividends paid by the REIT to its parent company are excluded from ND taxable income. This is inconsistent with the treatment of other corporations in a unitary group. This bill addresses the issue with add-back provisions.

The fiscal impact of this section of the bill cannot be determined.

Section 2 of the bill repeals obsolete sections of code relating to severed coal and other mineral interests. There is no fiscal impact to this section.

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.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	03/05/2009