

FISCAL NOTE
 Requested by Legislative Council
 01/21/2011

Bill/Resolution No.: SB 2269

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.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | (\$6,300,000) | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 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 2269 creates a nonrefundable income tax credit for individuals based on the amount of their federal education credit (form federal Form 8863).

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.*

SB 2269 creates a state education income tax credit equal to 15% of an individual's federal education credit (on federal Form 8863). The bill requires the federal education credit to be adjusted (before applying the 15% state credit rate) by multiplying it by a ratio equal to North Dakota taxable income divided by federal taxable income. In addition, only the portion of the federal education credit that relates to attendance at a North Dakota college or university may be used in calculating the state tax credit.

Based on federal education credit statistics obtained from the IRS, it is expected that SB 2269, if enacted, will reduce state general fund revenues by an estimated \$6.3 million.

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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| Phone Number: | 328-3402 | Date Prepared: | 01/23/2011 |