

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1276

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(140,000,000)			
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 1276 creates a new income tax credit for individuals who contribute to a nonprofit organization exempt from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code. The bill also requires the credit to be placed on Form ND-EZ, the short form for individuals.

- 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 the bill will create a new income tax credit for individuals who contribute to a nonprofit organization exempt from federal income tax under section 501(c)(3) or 501(c)(19) of the Internal Revenue Code. 501(c)(3) organizations include those set up for charitable, educational, religious, scientific, literary, and other specified exempt purposes, which make up most charitable organizations. 501(c)(19) organizations include U.S. armed forces veterans' organizations and their auxiliaries, such as the American Legion and AMVETS.

The credit is equal to the amount of the contribution, up to a maximum credit of \$250 per taxpayer per year. The maximum credit per year is \$500 for married taxpayers who file a joint return. The credit is allowed to both resident and nonresident individuals. To the extent that the contribution for which a credit is allowed reduces the contributor's federal taxable income, it must be added back into North Dakota taxable income.

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.*

If enacted, HB 1276 is expected to reduce state general fund revenues by an estimated -\$130 million to -\$150 million for the 2015-17 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.*
- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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