

FISCAL NOTE
Requested by Legislative Council
04/27/2015

Revised

Amendment to: HB 1059

- 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				\$(25,000)		
Expenditures			\$252,400,000			
Appropriations			\$252,400,000			

- 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).*

Reengrossed HB 1059 with Conference Committee amendments modifies the transmission line tax rate, authorizes certain transmission line tax payments to participate in the state-paid property tax relief credit, deals with certification of assessors, and expands the homestead tax credit program.

- 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.*

Sections 1, 2, 4, 5, and 11 of the second engrossment with Conference Committee amendments relate to the certification of assessors. The amended bill creates two education and certificate levels for assessors and requires all assessors to be certified within two years of appointment, or July 31, 2017, whichever is later. The amended bill proposes 180 hours of education to obtain a class I assessor certificate and 80 hours to obtain a class II assessor certificate. The cost to local governments for assessors to obtain certification with 180 hours of education is estimated to be \$5,500 per assessor; the cost to obtain certification with 80 hours of education is estimated to be \$1,680 per assessor. The overall fiscal impact cannot be determined because it is unknown what number of current assessor certificate holders will choose to remain an assessor with the increased education requirements.

Section 6 of the bill relates to the homestead tax credit program and expands the maximum homestead value to which the credit applies from a true and full value of \$100,000 to \$125,000. This provision becomes effective January 1, 2016. The estimated fiscal impact is an increase of \$1.2 million in 2015-17 biennium state expenditures to reimburse counties for the value of the credit. The appropriation for this program contained in the Office of Tax Commissioner budget bill (SB 2006) is expected to be adequate to fund this expansion.

Sections 8 and 10 of the bill change the taxation of certain transmission lines to the rate of \$300 per mile. The effect of this change is an estimated reduction of \$25,000 in the electrical, generation, transmission, and distribution tax fund for the 2015-17 biennium.

Section 9 removes the sunset date on NDCC 57-20-07.2, which would provide for continuation of the state-paid 12% property tax credit program, estimated to cost \$250 million for the 2015-17 biennium. This section also includes transmission line per mile taxes in the state-paid property tax credit provisions. This change is expected to increase expenditures for the credit by an estimated \$2.4 million in the 2015-17 biennium.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The \$20 million appropriation for the homestead credit program contained in the Office of Tax Commissioner budget (SB 2006) is expected to be adequate to fund the program including the expansion of homestead value to \$125,000 that is contained in this bill.

An appropriation of \$252.4 million would be required to fully fund the 12% state paid property tax credit program for the 2015-17 biennium, with the changes proposed in this bill.

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