

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1223

- 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			\$(820,934,000)			
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 1223 reduces individual and corporate income tax rates, and eliminates the individual income tax effective tax year 2017.

- 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 HB 1223 eliminates one bracket and reduces corporation income tax rates beginning with tax year 2015. This provision is expected to reduce corporate income tax revenue by an estimated \$168.228 million in the 2015-17 biennium.

Section 2 of HB 1223 eliminates one bracket and reduces individual income tax rates for tax year 2015. Section 3 of HB 1223 eliminates two additional brackets and reduces individual income tax rates for tax year 2016. Together, Sections 2 and 3 of HB 1223 are expected to reduce individual income tax revenue by an estimated \$652.706 million in the 2015-17 biennium.

Section 4 of HB 1223 eliminates the individual income tax starting with tax year 2017. This will reduce revenues in the 2017-19 biennium and beyond. However, there is no forecast for revenues extending that far in the future so estimating the fiscal impact of this repeal is not possible.

If enacted, HB 1223 is expected to reduce state general fund revenues by an estimated \$821 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.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

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