

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1227

- 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						
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 1227 creates 3 new income tax credits relating to child care: One for individuals with a dependent child; a second one for child care center employees who attend an approved professional development program; a third credit for businesses that incur expenses to provide child care services.

- 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 creates a new income tax credit for an individual who places a dependent child under the age of 6 in a ND-licensed child care facility that meets minimum quality ratings under a ND Human Services-approved program. The credit is equal a percentage of the maximum available federal child care expense credit. One of 3 percentages applies depend quality rating achieved by the facility.

Section 2 of the bill creates a new income tax credit for an individual who is employed for at least 6 months in a ND-licensed child care facility and achieves a minimum career category ranking through a professional development program approved by the ND Dept. of Human Services. The credit is equal to \$750, \$1,500, or \$2,000, depending on the ranking achieved.

Section 3 of the bill creates a new income tax credit for businesses that incur or pay certain costs to either provide child care for its employees or to support child care resource and referral services. The credit is equal to 100% of the qualifying costs incurred or paid, up to specified maximum amounts.

All three sections of the bill provide for a 5-year carryover of an unused credit.

If enacted, HB 1227 will potentially reduce state general fund revenues. The amount of the reduction, if any, attributable to Sections 1 and 2 of the bill cannot be determined because of the numerous conditions placed on the credits. The amount of the reduction, if any, for Section 3 of the bill cannot be determined because the number of businesses that may incur qualifying expenses and the amount of those expenses are unknowns.

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.*

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Date Prepared: 01/20/2015