

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1215

- 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 1215 changes the individual income tax law that allows a tax credit for incurring expenses to provide home health agency services, personal care attendant services, and other statutorily-defined services for the purpose of caring for an aged or disabled family member at home.

- 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.*

HB 1215 proposes to remove or change a number of limitations and to increase the credit rate for the purposes of making the credit more accessible and useful for taxpayers and to simplify its calculation. The bill will (1) remove the provision that reduces the credit dollar-for-dollar by the amount of taxable income exceeding a statutory threshold and (2) remove the provision providing for a maximum annual credit. It also increases the maximum amount of taxable income that the aged or disabled family member may have to be a qualifying family member. The bill replaces the current multiple credit rate setup with a 2-rate system of 30% and 50%. (Current law provides for a range of rates from 20% to 30%.) Depending on the taxpayer's level of taxable income, either the 30% rate or the 50% rate will apply. Lastly, the bill adds a provision allowing a 3-year carryover of an unused credit.

If enacted, HB 1215 will allow a more accessible and larger credit to qualified taxpayers. Based on individual income tax data from previous years, the credit has been minimally used. For tax years 2011 through 2013, the credit was claimed on less than 5 returns and therefore cannot be disclosed. For tax years 2006 through 2010, anywhere from 5 to 12 returns claimed the credit, with a credit amount ranging from a low of approximately \$1,500 to a high of greater than \$8,000. Based on previous years' data, it is expected that there will be continued use of the credit. The changes in the bill may also open up the credit to taxpayers who previously could not overcome the limitations under current law, potentially decreasing state general fund revenues. However, the estimated fiscal impact cannot be determined because the number of potential eligible taxpayers, their incomes, and their eligible 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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