

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1254

- 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			\$(12,500,000)			
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 1254 creates an individual income tax credit for tuition and expenses relating to a child's education at a nonpublic school.

- 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.*

If enacted, HB 1254 would create an individual income tax credit of up to \$2500 per qualifying child per tax year, for expenses associated with the child's education in a nonpublic school. The tax credit is limited to each taxpayer's net tax liability. Collectively, the tax credits are limited to \$10 million per tax year.

Currently there are approximately 6800 children in North Dakota attending nonpublic schools. With an average net tax liability per tax return of \$926 per year, the children currently attending nonpublic schools could utilize tax credits totaling \$6.25 million per year, or \$12.5 million per biennium. If the existence of the credit results in more children attending nonpublic schools, the maximum credit of \$10 million per year (\$20 million per biennium) could be reached.

If enacted, HB 1254 is expected to reduce state general fund revenues by an estimated \$12.5 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.*

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