

FISCAL NOTE
Requested by Legislative Council
02/10/2015

Amendment to: SB 2292

- 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			\$(30,000,000)		\$(65,000,000)	
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).*

Engrossed SB 2292 authorizes corporations to elect to use a double-weighted sales factor for apportioning business income. In the following biennium, the bill provides the option for the sales factor to be weighted six times the other factors.

- 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.*

Engrossed SB 2292 allows businesses that apportion income to voluntarily elect to use a double-weighted sales factor for tax years 2015 and 2016. The election is binding for five consecutive tax years. An analysis of the corporate income tax base indicates this election will result in a reduction in corporate income tax liabilities totaling between \$25 million and \$35 million in the first two tax years. The sales factor election grows to 6 times the weight of other factors for tax years 2017 and 2018. For tax years after 2018, the election becomes a sales-only factor.

If enacted, engrossed SB 2292 is expected to result in a decrease in state general fund revenues totaling an estimated \$30 million in the 2015-17 biennium, followed by a decrease of an estimated \$65 million in the 2017-19 biennium.

Section 3 deals with the Multistate Tax Compact. Chapter 57-59 relating to the Compact is being repealed and reenacted in its entirety, except for provisions that relate to requiring or allowing for an equally weighted three-factor apportionment formula. There is no additional impact on revenues due to this section.

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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