

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1299

- 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			\$16,800,000		\$16,800,000	
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).*

This bill expands the homestead tax credit program by increasing the maximum income limit from \$42,000 to \$100,000 and by excluding Social Security, disability, and retirement benefits from the definition of income.

- 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.*

The current homestead tax credit program provides a state-paid credit against property taxes for persons age 65 and older, or persons who are permanently and totally disabled, with annual income less than \$42,000, and assets that do not exceed \$500,000. The credit applies to up to \$100,000 of taxable value, with a maximum reduction of 100% for those with annual income less than \$22,000. This bill adjusts the income brackets and increases the upper limit from \$42,000 to \$100,000. The lowest income bracket, which would receive a 100 percent reduction on up to \$100,000 of true and full value, includes applicants with income up to \$40,000. The bill also changes the definition of income for the purpose of determining eligibility for the program by excluding Social Security, disability, and retirement benefits.

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.*

The \$38.8 million appropriation required to fund the homestead tax credit program, as proposed in this bill, is an increase of \$16.8 million over the estimated cost to continue the program with no change. The executive recommendation includes \$30 million for the homestead tax credit program in the recommended budget for the Tax Department (SB2006).

Name: Joe Morrissette

Agency: Tax Department

Telephone: 701-328-3033

Date Prepared: 01/19/2015