

FISCAL NOTE
Requested by Legislative Council
12/21/2018

Bill/Resolution No.: HB 1061

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(5,800,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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 1061 changes the income tax law to provide for an income tax deduction for individuals, including their survivors, for active duty and retirement pay received for service in the U.S. armed forces, National Guard, or their reserve components.

- 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 will change a current provision of individual income tax law to provide for a 100% exclusion of payments received for services performed as an active or reserve member of the U.S. armed forces or the National Guard. It will also provide for a 100% exclusion of retirement benefits received that are attributable to such service. The exclusions apply whether made to the servicemember or to the servicemember's surviving spouse.

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.*

If enacted, HB 1061 is expected to reduce state general fund revenues by an estimated \$5.8 million for the 2019-21 biennium. Of this amount, approximately \$2.8 million is attributable to the active duty pay exclusion and \$3 million is attributable to the military retirement pay exclusion. Of the \$3 million attributable to the military retirement pay exclusion, approximately \$132,000 is attributable to payments to survivors of retired military members.

- 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.*

Name: Kathryn L.Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

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