

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1545

- 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						
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 1545 provides a property tax credit for an owner's primary residence. The county revenue reduction associated with this credit will be made up with an income tax surtax.

- 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 HB 1545 provides for a residential property tax credit for a taxpayer's primary residence, beginning with 2019 property taxes (due January 2020).

Section 5 of HB 1545 creates a county-specific income tax surtax equal to the amount of residential property tax credits that exist within that county. This surtax will be imposed equally against each return filed within that county including corporations, to the extent corporations can be assigned to a county. The income tax provisions of HB 1545 become effective beginning with tax year 2020; these returns will be filed through October 2021, which may be problematic with reimbursing county revenue earlier in 2020.

Overall, this provisions of HB 1545 are expected to be revenue-neutral, with each county having various amounts of residential property tax credits based on primary residence ownership within that county. Similarly, each county would receive make up revenue from an income tax surtax imposed across all returns filed within that county.

While revenue-neutral overall, it appears there may be some timing issues that could occur, resulting in a lack of surtax revenue to reimburse counties for the first year after implementation.

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.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/29/2019