

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1512

- 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			\$55,200,000			
Appropriations			\$55,200,000			

- 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 1512 expands the homestead property tax credit.

- 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 1512 expands income brackets and the amount of taxable valuation an applicant is allowed to have subject to the property tax credit in each income bracket. The amount of the expansion of taxable valuation for existing applicants varies, and is as much as 500%, for incomes between \$38,000 and \$42,000. Under the provisions of the bill, applicants in all existing income brackets will be allowed expanded taxable valuation subject to the property tax credit.

Additionally, Section 1 of HB 1512 removes the income ceiling over which current law would restrict an applicant from receiving any tax credit, in effect, allowing all homeowners 65 and older to receive a homestead property tax credit if their assets are below the maximum allowed.

Census statistics for North Dakota were utilized for this analysis which provided the number of persons over 65, (107,196) and the rate of home ownership (63%). The value of the homes and other assets owned by potential applicants is unknown and partially dependent upon their location (rural v. urban).

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.*

If enacted, HB 1512 is expected to increase state general fund expenditures for the homestead property tax credit program between \$48.2 million and \$62.2 million during the 2019-21 biennium. The midpoint of this range is -\$55.2 million, as shown in 1A. above. The size of the range is indicative of the uncertainties in number of persons who will actually apply for this credit in this biennium, and the taxable valuation of their homesteads.

- 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.*

If enacted, HB 1512 will require an increase in appropriations for the office of tax commissioner to fund increased homestead credit payments to counties.

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