

FISCAL NOTE
Requested by Legislative Council
02/18/2021

Amendment to: SB 2288

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 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.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 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 2288 creates an income tax credit for contributions to organizations that provide scholarships to elementary and high school students in nonprofit private schools and tribal schools in North Dakota.

- 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.*

This bill creates a new income tax credit for contributing to a qualified scholarship-granting organization. A qualified scholarship-granting organization is a tax-exempt charitable organization that meets certain statutory requirements. Its purpose is to provide qualifying scholarships to students who are North Dakota residents, 5 to 18 years of age, attending nonprofit private elementary schools and high schools and tribally controlled schools in North Dakota. Priority must be given to students in households whose total income is equal to or less than 300 percent of the federal poverty line income standard. The credit is equal to 75% of contributions to qualified scholarship-granting organizations. If the credit exceeds a taxpayer's tax liability in the contribution year, the excess credit may be carried over and used in the subsequent five tax years.

The maximum amount of tax credits allowed to all taxpayers is limited to \$3 million per calendar year. If this \$3 million limit is reached in a calendar year, the maximum amount of credits allowed in the succeeding calendar year is increased by 10%. If, for any calendar year, the 10% increase provision is triggered, the increased amount becomes the annual limit on total credits for succeeding calendar years. For purposes of this annual limit, credits are allowed to contributors on a first-come, first-serve basis.

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.*

Given the success of similar programs in other states, there is a reasonable expectation that this new program will be used in North Dakota. If enacted engrossed SB 2288 is expected to reduce state general fund revenues in the 2021-23 biennium. The amount of that reduction cannot be determined because it is not known the extent to which organizations will choose to participate under the program's requirements and the number and amount of contributions that might be made to them.

- 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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