

FISCAL NOTE
Requested by Legislative Council
01/11/2021

Revised
 Bill/Resolution No.: HB 1237

- 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 | | | \$(14,400,000) | | | |
| 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).*

HB 1237 will change the existing income tax deduction for an individual who receives social security benefits that are taxed on the individual's federal income tax return.

- 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 makes a technical change to remove language in the income tax law regarding the marriage penalty credit which will be made obsolete by the enactment of this bill. This section has no fiscal impact.

Section 2 of the bill will change existing income tax law governing the deduction allowed to an individual for social security benefits taxed on the individual's federal income tax return. Current law provides that individuals having a federal adjusted gross income of \$50,000 or less, or \$100,000 or less if married filing a joint return, can reduce their North Dakota taxable income by the amount of their social security benefits that are taxed on their federal income tax returns. The change made by Section 2 of the bill will remove the federal adjusted gross income limitation, which will allow this deduction to all social security benefit recipients. This change will have a fiscal impact.

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 1237 is expected to reduce state general fund revenues by an estimated \$14.4 million in the 2021-23 biennium.

- 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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