

FISCAL NOTE
SENATE BILL NO. 2147
LC# 23.0019.01000
01/10/2023

1 - 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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

SB 2147 creates an income tax deduction for retired law enforcement personnel benefits.

4 - Fiscal Impact Sections Detail

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 exclude from individual income tax 100% of an individual's law enforcement retirement pay. Subsection 1 further defines a "peace officer" as a public servant authorized by law or by a government agency or a branch of the United States, a state, or a political subdivision of a state to enforce the law.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

It may be helpful to compare SB 2147 with the recently enacted military retirement payment exclusion which was enacted under HB 1053 in the 2019 session. Details on the military retirement payment exclusion for Tax Year 2021 are as follows:

There were 3,672 claims for a total deduction amount of \$94,232,000. This is an average North Dakota Taxable Income of \$25,623. Applying the current 2021 rate of 1.10% without applying any other credits or deductions, the estimated total revenue reduction for the military credit was approximately \$1.035 million.

According to the North Dakota Attorney General's office, there are 20% less individuals that are active Peace Officer Standards and Training (POST) members than there are active-duty military service members. Under the assumption that there is a correlation between POST and military service members, it would be safe to assume that the fiscal impact for SB 2147 would be less than the military retirement payment exclusion.

If enacted, SB 2147 will cause a reduction in state general fund revenues. Because it is unknown for both the number of individuals eligible for the credit as well as the retirement income from these individuals, the fiscal impact for SB 2147 cannot be determined.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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.

Contact Information

Name: Bryan Bittner

Agency: Tax Department

Telephone: 7013283402

Date Prepared: 01/10/2023