

FISCAL NOTE
HOUSE BILL NO. 1177
LC# 23.0448.02000
01/16/2023
Revised - 01/16/2023

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			\$(2,214,025)	\$(210,975)		
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).

HB 1177 creates a sales tax exemption for child diapers and child restraint systems.

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 2 of HB 1177 will create two new subsections to 57-39.02-04. The first subsection will exclude all diapers (both for children and adults) from sales tax. Adult diapers are currently exempt from sales tax and remain exempt in this bill. The second subsection will exclude child restraint systems from sales tax.

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.

To quantify the amounts for diapers for children, one would need the number of children that wear diapers, the type of diaper (cloth vs disposable), the cost per diaper, and the number of diapers used per day. Depending on the values used, this can produce an estimated sales tax reduction in the range of \$1.2 million to \$2.3 million. Using the midpoint of this range, the estimated decrease in sales tax revenue is \$1.75 million in the 2023-2025 biennium.

The same could be done for the child restraint systems, one would need the average price per child restraint system as well as the number of child restraint systems purchased per child. Depending on the values used, this can produce an estimated sales tax reduction in the range of \$0.35 million to \$1.0 million. Using the midpoint of this range, the estimated decrease in sales tax revenue is \$0.675 million in the 2023-2025 biennium.

If enacted, HB 1177 is expected to reduce revenue from the state general fund and state aid distribution fund by an estimated \$2,425,000 in the 2023-2025 biennium.

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

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