

**FISCAL NOTE**  
**HOUSE BILL NO. 1168**  
**LC# 23.0487.04000**  
**03/21/2023**

## 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			\$(8,000,000)			
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).*

Engrossed HB 1168 creates an income tax credit for the purchases of manufacturing and animal agricultural machinery and equipment to automate a manufacturing or animal agricultural process.

## 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 engrossed HB 1168 sets forth the provisions of a nonrefundable income tax credit for purchases of qualifying machinery and equipment in this state to improve job quality or increase productivity. The amount of the credit is equal to 10% of the cost of the qualifying machinery and equipment purchased in the taxable year. The aggregate amount of credits allowed each calendar year may not exceed \$4 million dollars. If the maximum amount of allowed credits are not claimed in any calendar year, any remaining unclaimed credits may be carried forward and

made available in the next succeeding calendar year.

The credit may not exceed the taxpayer's liability for any taxable year. If the amount of the credit exceeds the liability, the excess may be carried forward to each of the next five succeeding taxable years. The bill allows contributions made by a passthrough entity to qualify for the credit, for which the credit is passed through and claimed on the owner's income tax return.

## **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.*

If enacted, the provisions of the engrossed HB 1168 limit the combined allowable tax credits to a maximum of \$4 million per calendar year. The fiscal note assumes this limit is reached each year of the 2023-2025 biennium and will cause a revenue reduction of \$8 million from the state general fund.

## **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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