

**FISCAL NOTE**  
**SENATE BILL NO. 2136**  
**LC# 23.0539.02000**  
**02/07/2023**

## 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   |                    |             | \$123,700,000      |             |                    |             |
| 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 SB 2136 expands the Homestead Property Tax Credit by increasing both the income and taxable valuation levels, and by removing an asset limitation.

## 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.*

Engrossed SB 2136 expands the Homestead Property Tax Credit by increasing both the income and taxable valuation levels and by removing the requirement that an individual's assets not be more than \$500,000.

The amount of the credit is based on the following schedule:

An eligible individual with income not in excess of \$100,000 is entitled to a reduction of 100% of the taxable valuation of the person's homestead up to a maximum reduction of \$9000.

## 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.*

## 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.*

If enacted, engrossed SB 2136 is expected to increase the cost of the homestead property tax credit program by \$123.7 million in the 2023-2025 biennium. This number is reflective of all eligible individuals claiming the homestead property tax credit.

The renter refund tax credit program income limits are based on the same income limits as the homestead property tax credit program. An individual's renter refund credit amount is calculated by taking 20% of annual rent minus 4% of annual income with a maximum credit amount of \$400. According to data published by the North Dakota Housing Finance Agency, there are 8,945 household renters ages 65+ in North Dakota that are cost burdened with 30% or more of their income going towards rent. If all 8,945 renters were eligible for the full \$400 renter refund credit, then the amount of the renter refund program could be up to approximately \$3.6 million annually. A valid source of detailed rent and income information cannot be found, therefore an accurate estimate for the renter refund tax credit program cannot be calculated. The amount stated here is not reflected in the amount above.

The homestead property tax credit and renter refund tax credit programs are reimbursed to the counties by the state. Enactment of this bill will require a corresponding increase in funds to the Office of Tax Commissioner for the two programs.

## 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:** Office of Tax Commissioner

**Telephone:** 7013283402

**Date Prepared:** 02/07/2023