

FISCAL NOTE
HOUSE BILL NO. 1504
LC# 23.0860.02000
01/26/2023

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).

HB 1504 is related to an alcoholic beverage tax credit for qualified microbrew pubs and brewer taproom licensees for barley purchases and an income tax credit for qualified brewers for barley purchases.

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 HB 1504 creates a North Dakota barley tax credit for a microbrew pub or brewer taproom licensee that produces beer and purchases more than 40% of the licensee's total annual barley purchases from a farmer or supplier in this state. The tax credit can be applied against the alcoholic beverage tax liability and is equal to 15% of the amount to tax imposed on beer sold by the microbrew pub or brewer taproom licensee to wholesalers annually in this state.

Section 2 of HB 1504 creates a North Dakota barley tax credit for a brewer that produces beer and purchases more than 40% of the brewer's total annual barley purchases from a farmer or supplier in this state. The tax credit can be applied against the income tax liability and is equal to 15% of the amount to tax imposed on beer sold by the microbrew pub or brewer taproom licensee to wholesalers annually in this state. The credit cannot exceed the taxpayer's income tax liability. Any credit amount exceeding the income tax liability for the taxable year may not be claimed as a carryback or carryforward.

Section 3 of HB 1504 makes this act effective for the first two taxable years beginning after 12/31/2022.

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, section 1 of HB 1504 will create a reduction in revenue to the general fund. If all licensed microbrew pubs and brewer taproom claim the tax credit, this reduction in revenue is estimated to be approximately \$6 thousand in the 2023-2025 biennium.

If enacted, sections 2 and 3 of HB 1504 will create a reduction in revenue to the general fund. The reduction in revenue is dependent on several undetermined factors. This includes the number of taxpayers who choose to claim the credit, the amount of barley purchased, and finally, what the taxpayers' liabilities are. Due to these factors, the Office of State Tax Commissioner is unable to provide a reliable estimate for this revenue reduction amount.

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: 01/26/2023