

**FISCAL NOTE**  
**HOUSE BILL NO. 1425**  
**LC# 23.0942.02000**  
**02/18/2023**

**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).*

Engrossed HB 1425 calculates individual income tax rates based on general fund revenues.

## 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 HB 1425 will reduce the individual income tax rates by 0.50 for the subsequent tax year beginning after December 31st of an even-numbered year if the actual general fund revenues exceed the estimated general fund revenues for the twelve-month period ending June 30th of an even-numbered year by at least 10%.

Any reductions to the rates would apply to tax years beginning after December 31, 2022. The rate reductions must be equally applied to all tax brackets and the reduced rates must be rounded to the nearest one-hundredth of a percent.

## 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, HB 1425 could create a decrease in the state general fund if the actual general fund revenues in Fiscal Year 2024 exceed the estimated general fund revenues by at least 10%. If this were to occur, the individual income tax rates for tax year 2024 would be reduced by 0.50. If the reduced rates had been in effect during the most recent 2021 tax year, the estimated reduction in revenue is \$126 million.

The actual reduction in revenue is based on future state general fund collections as well as future tax filings. Since these factors are unknown, 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

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