

FISCAL NOTE
Requested by Legislative Council
01/09/2009

Bill/Resolution No.: HB 1190

1A. **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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$700,000)			
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **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 1190 allows a tax credit on the state's main individual income tax form, Form ND-1, identical to the current Form ND-2 tax credit for contributions to private nonprofit institutions of higher education and secondary education.

B. Fiscal impact sections: *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.*

A survey was conducted by an interested outside entity that attempted to establish the current level of qualifying charitable contributions that were being made to nonprofit private high schools and colleges. Using information from the survey respondents and extrapolating to the non-respondents, this individual determined an estimate of the current level of contributions.

The vast majority of current contributors are not able to claim the existing tax credit because the rates on Form ND-2 are prohibitively high. This bill moves the credit onto Form ND-1 making it available to all taxpayers.

The tax department finds this newer information from the survey is likely more complete, potentially more accurate and up-to-date than prior estimates. Therefore, it was used in estimating the fiscal impact of this bill. The tax department assumed growth in qualifying contributions of 20% per year over the current level.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *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 1190 is expected to reduce state general fund revenues by an estimated \$700,000 in the 2009-2011 biennium.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *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 is also included in the executive budget or relates to a*

continuing appropriation.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/12/2009