

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/12/2017**

Bill/Resolution No.: HB 1295

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **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 1295 expands the homestead credit program for individuals who are age 65 and older.

- 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.*

Section 1 of HB 1295 adds a new subsection authorizing a reduction in property taxes on an individual's homestead of up to the first \$350,000 of true and full value, for homeowners age 65 or older. The amount of the reduction depends on the age of the qualifying homeowner and ranges from 5% for individuals age 65 to 100% for individuals age 75 and older. There is no income or asset limitation; the proposed expansion is based on homeowner age.

There is no information available that details homeowner age and the true and full value of the homestead, so a reasonable fiscal analysis is not possible. Some general statistics that are available include Census data, which indicates there may be 108,000 individuals age 65 and older living in North Dakota, of which approximately 69,000 likely own their homes. Assuming 55,000 would benefit by the provisions of this bill (the others may own tax exempt farm residences or participate in the existing homestead credit program) at an average credit amount of \$1000 each, the provisions of the bill could increase state general fund expenditures for the homestead credit program by \$55 million per year. The actual fiscal impact would depend on the usage of the program, the age of the homeowners, and the true and full value of their homes.

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.*

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 701.328.3402

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