

FISCAL NOTE
Requested by Legislative Council
04/26/2007

Amendment to: Reengrossed
SB 2032

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$120,850,000)			
Expenditures			\$3,604,000			
Appropriations			\$3,604,000	\$1,100,000		

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 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).*

SB 2032 Second Engrossment with Conference Committee Amendments creates two new income tax credits for property taxes paid. The bill also reduces the "marriage penalty" and expands the Homestead credit program for the elderly and disabled.

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 expands the homestead credit program for the elderly and disabled. Section 5 creates a targeted tax credit of up to \$300 to offset the marriage penalty for married-filing-joint taxpayers. Sections 6 and 7 create two new income tax credits equal to ten percent of property tax liabilities, up to \$1000. Unused credits may be carried forward for 5 years or, in certain cases, rebated to the taxpayer for use in paying the ensuing year's property tax liability.

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.*

The tax credit to offset the marriage penalty provided in Section 5 of the bill is expected to reduce state general fund revenues by an estimated -\$8.85 million during the 2007-09 biennium. The new Homestead and Commercial Property Income tax credits equal to ten percent of qualifying property taxes paid is expected to reduce state general fund revenues by an estimated -\$112 million during the 2007-09 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.*

Meeting the expanded provisions of the elderly and disabled Homestead Credit program will increase state general fund expenditures by an estimated \$3.604 million during the 2007-09 biennium.

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.*

There is an appropriation of \$3.604 million from the general fund for funding the expanded homestead tax credit program for elderly and disabled. Additionally there is an appropriation of \$1.1 million to the tax department for implementing this Act.

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