

FISCAL NOTE
Requested by Legislative Council
01/05/2007

Bill/Resolution No.: HB 1150

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			(\$16,188,000)			
Expenditures						
Appropriations						

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).*

HB 1150 reduces the "marriage penalty" for individual income tax purposes.

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 the bill increases all the individual income tax brackets for Form ND-1, the state's major filing method, to those that have been established for tax year 2007. Additionally, the bill increases the lowest bracket for filing statuses "married filing jointly" (MFJ) and "married filing separately" (MFS) to mirror the brackets in place at the federal level. The effect of this change is the lowest bracket for MFS is equal to the lowest bracket for "single" filers. The lowest bracket for MFJ is twice the lowest bracket for "single" filers. This removes a significant portion of the "marriage penalty" and does so to the same extent that the federal income tax system has reduced the marriage penalty.

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 fiscal impact of the adjustments to the lowest MFS and MFJ brackets, as provided in HB 1150, is expected to reduce state general fund revenues by an estimated \$16.188 million in 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.*

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:	01/23/2007