

FISCAL NOTE
Requested by Legislative Council
12/27/2006

Bill/Resolution No.: HB 1091

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			(\$100,000)			
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 1091 provides an income tax deduction for contributions to the North Dakota higher education savings plan.

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.*

Sections 2 and 3 of HB 1091 allow a tax deduction for annual contributions up to \$10,000 to a higher education savings plan administered by the Bank of North Dakota. It is difficult to estimate the increase in participation in the plan that would occur due to the tax deduction provisions of this bill. Taxpayers in the highest income tax bracket making the annual maximum allowable contributions into the plan would receive an additional 5.54% return on their investment due to the tax deduction, which would equal an annual reduction of \$554 in their individual income tax liabilities.

Bank officials expect participation to grow to 1000 (an increase of 200 accounts), by primarily moderate income taxpayers (in the lower tax brackets) each making on the average \$1200 in annual qualifying contributions. This would result in an estimated reduction in state general fund revenues of \$100,000 for the 2007-09 biennium

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 is also included in the executive budget or relates to a continuing appropriation.*

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