

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/08/2008

Bill/Resolution No.: HB 1066

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						
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 1066 creates three new income tax credits for primary sector businesses. The credits are available to corporations, pass-through entities and proprietorships that have been certified by the Department of Commerce as primary sector businesses.

**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 2 creates an income tax credit for purchases of robotic and other equipment for automating manufacturing processes. Section 3 creates an income tax credit for expenditures relating to implementing lean manufacturing. Section 4 creates an income tax credit for innovation research.

The total corporation income tax paid by manufacturers for tax year 2007 was \$36.527 million. Individuals filing individual income tax returns and listing "manufacturing" as their income source code paid \$11.825 million for tax year 2007. These are provided only as a measure of the likely tax revenue that could be partially offset by the automation and lean manufacturing tax credits. (Businesses taking advantage of the innovation tax credit could come from many different industry sectors). The actual amount of revenue loss that will occur if HB 1066 is enacted is dependent upon the companies that become certified as primary sector, the value of the qualifying expenditures and the tax liability that is offset by the tax credit(s) all of which are unknown. The expected fiscal impact of this bill cannot be determined.

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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