

FISCAL NOTE
Requested by Legislative Council
01/18/2021

Bill/Resolution No.: HB 1414

- 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.*

| | 2019-2021 Biennium | | 2021-2023 Biennium | | 2023-2025 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| | 2019-2021 Biennium | 2021-2023 Biennium | 2023-2025 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

- 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 1414 allows a qualifying small retailer to retain state sales taxes collected on sales made in calendar year 2021.

- 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 HB 1414 allows a small retailer to retain the state sales tax collected on the first \$100,000 in taxable sales made in calendar year 2021. Generally this would enable a small retailer to retain the first \$5,000 in state sales taxes collected in calendar year 2021. A qualifying small retailer is one who employs fewer than sixteen employees.

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.*

It is not known how many businesses would qualify as a small retailer or how much state sales tax would be retained by qualifying businesses if this bill is enacted. There are 9253 permit-holders that file annual sales tax returns. It is likely nearly all of these annual filers would be a qualifying retailer. Their taxable sales averaged \$6602 with state sales tax of \$330, on the average. If enacted, this bill may allow them to retain, collectively, \$3.05 million in state sales tax.

Additionally there are 22,976 retailers who file quarterly sales tax returns, reporting an average of \$52,900 in taxable sales annually. If one assumes 25% of these businesses may qualify as small retailers for the purposes of this bill, there would be an additional \$15.20 million in state sales tax, collectively retained by these businesses.

Information is not available relative to the actual count of businesses employing fewer than 16 full-time-equivalent employees or their level of taxable sales from which state sales tax can be retained. HB 1414, if enacted, would reduce state general fund and state aid distribution fund revenues in the 2021-23 biennium by an unknown amount.

- 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.*

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