

FISCAL NOTE
Requested by Legislative Council
03/18/2021

Amendment to: Engrossed HB 1281

- 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			\$(6,633,000)			
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).*

Engrossed HB 1281 creates a new income tax credit for taxpayers with dependents attending nonpublic or home schools.

- 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 engrossed HB 1281 with Senate Amendments creates a new income tax credit for individuals with dependents attending nonpublic schools. The credit is \$500 per student per year. If the credit exceeds the taxpayer's tax liability in the tax year in which the credit is first allowed, the excess may be carried over and used in the subsequent tax year.

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 total enrollment in nonpublic schools in grades k through 12 is approximately 6,633 students. Therefore, the credit is estimated to be \$6.633 million per biennium. The average tax liability would allow for two qualifying students per household to utilize this credit. Any unused credit can be carried forward to the next tax year.

If enacted, engrossed HB 1281 with Senate Amendments is expected to reduce state general fund revenues by an estimated -\$6.633 million for the 2021-23 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701-328-3402

Date Prepared: 03/18/2021