

FISCAL NOTE
Requested by Legislative Council
01/09/2019

Bill/Resolution No.: HB 1342

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(20,800,000)			
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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 1342 will create a new individual income tax deduction for the portion of social security benefits that are taxed on an individual's federal income tax return.

- 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 1 and 2 of the bill make technical changes to language in the homestead property tax law and income tax law, respectively, relating to the inclusion or exclusion of social security benefits in definitions of income, for purposes of clarity and consistency with respect to the change made in Section 3 of the bill. These sections have no fiscal impact.

Section 3 of the bill will allow an individual to reduce North Dakota taxable income by the amount of any social security benefits that are included in the taxpayer's federal taxable income. This change will have a fiscal impact.

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.*

If enacted, Section 3 of HB 1342 is expected to reduce state general fund revenues by an estimated \$20.8 million in the 2019-21 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.*

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Date Prepared: 01/15/2019

Bill Actions for HB 1342

Introduced by Rep. Hatlestad, B. Anderson, Ertelt, K. Koppelman, Kreidt, Lefor, Longmuir, O'Brien, Owens, Richter

Introduced by Sen. Kreun, Wardner

A BILL for an Act to create and enact a new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax exclusion for social security benefits; to amend and reenact subsection 5 of section 57-02-08.1 and section 57-38-01.28 of the North Dakota Century Code, relating to the homestead tax credit and the marriage penalty credit; and to provide an effective date.

Date	Chamber	Meeting Description	Journal
01/09	House	Introduced, first reading, referred Finance and Taxation Committee	<u>HJ 212</u>
01/17	House	Request return from committee	<u>HJ 299</u>
		Withdrawn from further consideration	<u>HJ 299</u>