

**Tax Commissioner
Budget No. 127
Senate Bill No. 2006 and House Bill No. 1158**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	117.00	\$228,189,404	\$125,000	\$228,314,404
2023-25 base budget	118.00	64,241,316	125,000	64,366,316
Legislative increase (decrease) to base budget	(1.00)	\$163,948,088	\$0	\$163,948,088

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$226,189,404	\$2,000,000	\$228,189,404
2021-23 legislative appropriations	64,241,316	0	64,241,316
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$161,948,088	\$2,000,000	\$163,948,088
Percentage increase (decrease) to 2021-23 appropriations	252.1%	N/A	255.2%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$159,434		\$159,434
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		1,484,574		1,484,574
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		540,120		540,120
Removed 1 undesignated vacant FTE position	(1.00)	(167,444)		(167,444)
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(1,285,846)		(1,285,846)
Increased funding for GenTax software support to provide total funding of \$4.4 million		400,000		400,000
Increased funding for operating expenses, including \$36,596 for Information Technology Department rate increases, \$96,000 for information technology data processing, and \$614,654 for a new Capitol space rent model		747,250		747,250

Increased funding for the homestead credit program to provide total funding of \$18.9 million	900,000	900,000		
Increased funding for the disabled veterans' credit program to provide total funding of \$18,745,000	2,445,000	2,445,000		
Added funding for an expansion of the homestead credit program (House Bill No. 1158)	53,500,000	53,500,000		
Added funding for a newly created primary residence credit (House Bill No. 1158)	103,225,000	103,225,000		
Added one-time funding for GenTax support enhancements	500,000	500,000		
Added one-time funding for operating expenses related to information technology and advertising costs for the primary residence credit (House Bill No. 1158)	1,500,000	1,500,000		
Total	<u>(1.00)</u>	<u>\$163,948,088</u>	<u>\$0</u>	<u>\$163,948,088</u>

FTE Changes

The Legislative Assembly approved 117 FTE positions for the Tax Commissioner for the 2023-25 biennium, a decrease of 1 FTE position from the 2021-23 biennium authorized level of 118 FTE positions. The Legislative Assembly removed 1 undesignated vacant FTE position.

One-Time Funding

One-time funding for the 2023-25 biennium for the Tax Commissioner totals \$2 million from the general fund for the following:

- \$500,000 for GenTax support enhancements; and
- \$1.5 million for operating expenses related to information technology and advertising costs for the primary residence credit.

Other Sections in Senate Bill No. 2006

Line item transfers - Section 3 allows the Tax Commissioner to transfer funding between the homestead tax credit and the disabled veterans' tax credit line items during the 2023-25 biennium.

Motor vehicle fuel taxes - Section 4 provides for a transfer of \$1,844,424 from motor vehicle fuel tax collections to the general fund for the 2023-25 biennium related to the Tax Commissioner's expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

Salary of the Tax Commissioner - Section 5 includes the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$124,250 to \$131,705 (6 percent) on July 1, 2023, and to \$136,973 (4 percent) on July 1, 2024.

Property assessment increase notices - Section 6 amends Section 57-02-53 to allow property assessment increase notices to include an estimate of a tax increase.

Sales and use tax exemption for sustainable aviation fuel - Sections 7 and 8 create a sales and use tax exemption for materials to construct, expand, or upgrade a facility that refines renewable feedstock into sustainable aviation fuel and provide effective and expiration dates related to the exemption. The sales and use tax exemption may decrease the collections deposited in the general fund and state aid distribution fund but the amount cannot be determined. Section 9 provides an effective date and expiration date for the sales and use tax exemption.

Related Legislation

House Bill No. 1158 - Income and property tax relief - Provides individual income tax relief and property tax relief, as follows:

- Provides individual income tax relief by exempting taxable income in the first bracket, consolidating the income tax brackets from five to three brackets, and reducing the income tax rates;
- Creates a new primary residence credit program to provide \$500 of property tax relief per year for each primary residence; and
- Expands the homestead credit program by replacing the current six thresholds of varying income levels up to a maximum of \$42,000 with two thresholds, one for incomes up to \$40,000 and another for incomes between \$40,000 and \$70,000 and by increasing the taxable value exemption from the current limit of \$5,625 to \$9,000.

House Bill No. 1359 (2023) - County aid distribution fund - Continues a county aid distribution fund to allocate revenues from sales and use taxes and motor vehicle excise taxes to the county with the lowest ratio of property values per capita and a population of more than 10,000.

Senate Bill No. 2015 (2023) - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$114,348 from the general fund in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2334 (2023) - Large facility development fund - Creates a large facility development fund to allocate revenues from sales taxes to a county or city in which a new fertilizer or chemical processing plant is constructed.