

**FISCAL NOTE**  
Requested by Legislative Council  
01/19/2005

Bill/Resolution No.: SB 2240

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>				\$178,000		
<b>Appropriations</b>						

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

	2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
	Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2240 provides that an applicant for the farm residence exemption must sign an authorization enabling the tax commissioner to examine the applicant's income tax returns and to disclose to the county assessor whether the applicant qualifies for the exemption.

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 amount of any additional property revenue that may be derived from any disallowed farm residence exemptions cannot be determined.

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.*

There would be some costs to the tax department to administer the provisions of SB 2240. It is unclear if the tax commissioner must examine the returns for all applicants for the farm residence exemption or only those whose status the assessor questions, and for whom the assessor requests examination. If all applicants' returns need to be examined by June 1 of each year, the administrative costs are estimated to be \$178,000 per biennium if no outside rental space is required, or \$240,000 per biennium if rental of outside office space is necessary. These costs are based on the assumption that 25,000 returns will need to be examined each year.

If the intent of SB 2240 is for the tax commissioner to examine returns only when requested by the county, the cost would be less, depending on how many requests were received.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget.*

*Indicate the relationship between the amounts shown for expenditures and appropriations.*

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**Agency:** Office of Tax Commissioner  
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