

FISCAL NOTE

Requested by Legislative Council
01/18/2005

Bill/Resolution No.: SB 2243

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
Revenues						
Expenditures			\$1,206,000			
Appropriations						

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 2243 requires the state supervisor of assessments to conduct annual random audits of five percent of all property assessments statewide, including farm building and farm residence exemptions allowed or denied, and valuations of real property exempt from taxation.

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.*

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.*

The tax department would incur costs associated with the provisions of SB 2243. Based on data from the International Association of Assessing Officers and other sources of assessment administration information, we estimate the bill would require between 6.5 and 11.5 FTE's to annually audit five percent (or 30,955 parcels) of the approximate 619,100 parcels statewide. The farm building and farm residence exemptions would require an additional 2,500 annual audits. The estimated total cost for the state is between \$878,000 and \$1,533,000 per biennium. (The midpoint is shown on the expenditure line.)

Additionally, counties would incur costs of compiling complete lists of all properties to be included in a statewide database from which the random samples will be selected. Counties would also need to provide assistance to the state auditors. County costs are not included in the expenditure amount above.

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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