

FISCAL NOTE
Requested by Legislative Council
01/31/2013

Amendment to: HB 1166

- 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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 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 1166 will place new limitations on the amount of business or investment income that may be exempted for income and financial institution tax purposes under the Renaissance Zone Program.

- 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 House Bill 1166 provides for two new limitations on the amount of the business and investment income exemption allowed for income and financial institution tax purposes under the Renaissance Zone Program. In general, the income exemption is allowed for purchasing, leasing, or making improvements to residential or commercial real estate in a renaissance zone that is used for business or investment purposes. Current law allows up to 100 percent of the business or investment income attributable to the zone project location to be exempted from tax. One limitation will apply to a project consisting of an expansion of an existing building used for business or investment purposes and will limit the exempt income to the portion attributable to the expansion based on the added square footage. The other limitation will place a ceiling of \$250,000 on the amount of income from all zone project interests that a taxpayer may exempt in any year. The new limitations will apply to new projects approved on or after August 1, 2013. If enacted, Engrossed House Bill 1166 may reduce the amount of income that would otherwise be exempted from tax under existing law, resulting in decreased revenue loss to the general fund for the 2013-2015 biennium. The amount of that decrease cannot be determined because it is dependent on the nature and number of future projects and the amount of income associated with those projects, all of which are unknown.

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.*
- 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 is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

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