

**FISCAL NOTE**  
**Requested by Legislative Council**  
**04/08/2021**

Revised  
 Amendment to: SB 2139

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$150,000,000		
<b>Expenditures</b>			\$150,000,000			
<b>Appropriations</b>						

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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).*

SB 2139 First Engrossment with House Amendments creates a mechanism for possible income tax rate reductions.

- 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.*

SB 2139 First Engrossment with House Amendments creates an income tax rate reduction fund, and deposits excess state general fund revenue at the close of each biennium into this new fund. Transfers from the state general fund to the income tax rate reduction fund will only occur if there is revenue in excess of \$65 million in the state general fund at the close of any biennium.

The amount transferred to the income tax rate reduction fund will be used to calculate across-the-board income tax rate reductions provided in the bill. The bill specifies the rate reductions will be equal percentage reductions in each tax bracket and for both individual and corporation income taxes. The reductions will be based on one half of the amount of revenue transferred to the fund, as a share of the total official forecast of income tax collections.

The bill provides that the tax commissioner shall publish the new rates in November, which will become effective for the following tax year. In April, the commissioner will certify to the treasurer the amount of revenue that must be transferred from the income tax rate reduction fund to the general fund for purposes of keeping the general fund whole for the current, as well as any prior, income tax rate reductions.

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.*

NOTE: This fiscal note is being revised on 4/9/2021 to reflect the assumption of up to \$713 million ending fund balance at the close of the 2019-21 biennium based on today's status report. Therefore, if enacted, the bill could result in \$150 million transferred on July 1, 2021, to the income tax rate reduction fund for income tax reductions beginning with tax year 2022.

- 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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