

FISCAL NOTE
Requested by Legislative Council
01/18/2021

Bill/Resolution No.: HB 1497

- 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
Revenues			\$(303,000,000)			
Expenditures						
Appropriations						

- 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
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).*

HB 1497 changes the law governing the income tax credit for individuals who contribute to a qualified North Dakota endowment fund by expanding its availability.

- 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.*

Current law provides an income tax credit to an individual who makes a charitable contribution to a North Dakota qualified endowment fund. A minimum amount of \$5,000 must be contributed in order to qualify for the credit. The credit is equal to 40 percent of all eligible contributions made to all funds during the tax year, up to a maximum credit of \$10,000 (or \$20,000, if married filing a joint return). If an individual is able to deduct the contributions on their federal income tax return, an adjustment must be made on the North Dakota income tax return to increase North Dakota taxable income by the amount that the contribution reduced the individual's federal taxable income. If the credit exceeds the individual's tax in the contribution year, the excess credit may be carried over for up to 3 years.

Section 1 of HB 1497 will make two changes to existing law: One, in addition to an endowment fund, the bill will allow an individual to claim the credit for contributing to a North Dakota qualified nonprofit organization that has been incorporated or established in North Dakota for at least two years. Two, the bill will remove the \$5,000 minimum contribution requirement. These changes will make this credit available to most individuals who currently make charitable contributions to endowment funds or nonprofit organizations in North Dakota and may provide an incentive for new donors.

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.*

If enacted, HB 1497 is expected to reduce state general fund revenues by an estimated amount between -\$278 million and -\$328 million for the 2021-23 biennium. The midpoint of this range is -\$303 million, as shown above in 1A.

- 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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