

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/22/2021**

Bill/Resolution No.: SB 2288

- 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       |                    |             |                    |             |                    |             |
| 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).*

SB 2288 creates an income tax credit for contributions to organizations that provide scholarships to elementary and high school students in nonprofit private schools and tribal schools in North Dakota.

- 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.*

This bill creates a new income tax credit for individuals and corporations that contribute to qualified scholarship-granting organizations. A qualified scholarship-granting organization is a tax-exempt charitable organization that provides qualifying scholarships to North Dakota residents, 5 to 18 years of age, who attend nonprofit private elementary schools and high schools and tribally controlled schools, in North Dakota. The credit is equal to 75% of contributions to qualified scholarship-granting organizations. If the credit exceeds a taxpayer’s tax liability in the contribution year, the excess credit may be carried over and used in the subsequent five tax years.

The maximum amount of tax credits allowed to all taxpayers is limited to \$3 million per calendar year. If the maximum allowable credits in a calendar year is reached, the maximum amount of credits allowed in the succeeding calendar year is increased by 10%. (Note: It is not clear from the bill’s language if the 10% increase applies just to the succeeding calendar year, after which the maximum allowable credit amount then resets to \$3 million, or if a 10% increase becomes the new maximum amount for all subsequent calendar years until the 10% increase provision is triggered again.) If contributions generate credits in excess of the maximum allowable credit amount in a calendar year, the allowable credits must be prorated among all taxpayers who contributed during the calendar year.

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, SB 2288 could reduce state general fund revenues in the 2021-23 biennium. The amount, if any, of the reduction cannot be determined because it is not known the extent to which organizations will choose to participate under the program’s requirements and the number and amount of contributions that might be made to them.

- 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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