

FISCAL NOTE
HOUSE BILL NO. 1244
LC# 23.0828.01000
01/13/2023

1 - 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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - 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 1244 expands the existing income tax credit for employment of individuals with developmental disabilities or severe mental illness and removes the sunset.

4 - Fiscal Impact Sections Detail

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 the bill expands the income tax credit for hiring an individual who is developmentally disabled or chronically mentally ill. The credit allowed amount is increased from 5% to 25% of up to six thousand dollars in wages paid annually to an eligible employee. Each employee must be approved by the Department of Health and Human Services and no more than 200 employees may be certified as qualifying. The credit cannot exceed 50% of the taxpayer's liability. The bill allows contributions made by a passthrough entity to qualify for the credit, for which

the credit is passed through and claimed on the owner's income tax return. Individual taxpayers may also take the credit against the individual's state income tax liability.

Section 2 of HB 1244 would make the credit effective for taxable years beginning after December 31, 2022, without a two-year limitation.

Note: This bill makes the same changes to the law that were made by the 2021 legislature (HB 1405); however, those changes expired at the end of the 2022 tax year, and the law reverted to the 2018 version for tax years after 2022.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Since its inception in tax year 2019 in its current form, the total credit claimed amount across all income types for the employment of individuals with developmental disabilities or severe mental illness credit is \$58,462.

The provisions of the bill limit the allowable tax credit to a maximum of 25% of up to \$6000 in wages for no more than 200 individuals for a total credit amount of \$300,000.

If enacted, HB 1244 could reduce state general fund revenues due to the tax credit provisions and subsequent increase in the credit allowed percentage. The reduction in revenue is dependent upon the number of taxpayers who choose to claim the credit, their tax liabilities, and the number of eligible employees, all of which are unknown. Because these factors are unknown, the fiscal impact cannot be determined.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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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