

**FISCAL NOTE**  
Requested by Legislative Council  
12/16/2010

Bill/Resolution No.: SB 2055

**1A. 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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. 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 2055 creates two new income tax credits for purchases of machinery and equipment used to automate the manufacturing process and for qualified expenditures relative to lean manufacturing.

**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 2 of SB 2055 creates a corporation and individual income tax credit for certified primary sector businesses equal to 20% of the cost of purchasing equipment for automating the manufacturing processes. The total amount of tax credits for automation is limited to \$2 million per tax year.

Section 3 of SB 2055 creates a corporation and individual income tax credit for certified primary sector businesses equal to 20% of qualifying expenditures associated with implementing lean manufacturing. The total amount of tax credits for lean manufacturing is limited to \$2 million per tax year.

Combined, the two tax credits could result in a reduction in state general fund revenues up to \$8 million for the 2011-13 biennium. The actual amount of automation and lean manufacturing expenses that will qualify for the credit cannot be determined.

**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.*

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