

HOUSE BILL NO. 321  
INTRODUCED BY REAM, B. BROWN

IN THE HOUSE

JANUARY 21, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

JANUARY 22, 1991                   FIRST READING.

FEBRUARY 5, 1991                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 6, 1991                   PRINTING REPORT.

FEBRUARY 7, 1991                   SECOND READING, DO PASS.

ON MOTION, REREFERRED TO COMMITTEE  
ON APPROPRIATIONS.

MARCH 23, 1991                   COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

MARCH 25, 1991                   PRINTING REPORT.

APRIL 1, 1991                   SECOND READING, DO PASS.

APRIL 2, 1991                   ENGROSSING REPORT.

APRIL 3, 1991                   THIRD READING, PASSED.  
AYES, 76; NOES, 24.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 3, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

APRIL 4, 1991                   FIRST READING.

APRIL 10, 1991                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

APRIL 15, 1991                   SECOND READING, CONCURRED IN.

APRIL 16, 1991                   THIRD READING, CONCURRED IN.  
AYES, 49; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 17, 1991

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0321, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring that interest and penalties assessed and collected on certain taxes be deposited in the state general fund.

ASSUMPTIONS:

1. Under current law, 100% of the individual income and regular corporate income and license tax receipts will be deposited in the general fund in FY92 and FY93; 20% of the corporate license tax on financial corporations will be deposited in the general fund.
2. Interest and penalties, under current law, will be deposited in the same fund as the other individual income and corporate income and license tax receipts.


FISCAL IMPACT:

Enhancement of current department-wide accounts receivable and tax processing systems to segregate and route interest and penalty monies to the general fund will require one additional FTE. The costs for system enhancement and operation are summarized below:

<u>Expenditures:</u>	<u>FY '92</u>			<u>FY '93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
F.T.E.	0	1.00	1.00	0	0	0
Personal Services	0	32,180	32,180	0	0	0
Operating Expenses	0	26,900	26,900	0	2,300	2,300
Equipment	0	0	0	0	0	0
Total	0	59,080	59,080	0	2,300	2,300
<u>Funding:</u>						
General Fund		59,080	59,080		2,300	2,300

Revenues:

The proposal has no impact on state revenues.

  
 \_\_\_\_\_  
 ROD SUNDSTED, BUDGET DIRECTOR  
 Office of Budget and Program Planning

1-25-91  
 DATE

  
 \_\_\_\_\_  
 ROBERT R. (BOB) REAM, PRIMARY SPONSOR

1-28-91  
 DATE

Fiscal Note for HB0321, as introduced

**HB 321**

TECHNICAL NOTES:

The title of the proposal refers to "interest and penalties assessed and collected," while the language of the proposal (section 9) refers to "interest and penalties collected." Thus, the proposal seems unclear as to whether all interest and penalties are to be routed to the general fund, or only those which the Department has assessed after an audit.

Following is a summary of the fund distribution of actual FY90 penalties and interest for the individual income and corporate income and license taxes for FY90, distributed according to FY90 law and proposed law.

	<u>FY '90</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
General Fund	1,829,570	3,137,453	1,307,883
Foundation Program	993,363	0	(993,363)
Debt Service	<u>314,520</u>	<u>0</u>	<u>(314,520)</u>
Total	3,137,453	3,137,453	0

The legislature may opt to change the FY92 and FY93 allocations of the individual income, corporate income and license taxes, which are allocated to the general fund under current law. However, under this proposal the allocations of interest and penalties owing to these taxes will remain unchanged unless specifically altered.

Enhancement of the automated systems required to administer this proposal could not be achieved by the effective date of the proposal.

**HB 321**

1 House BILL NO. 321  
2 INTRODUCED BY Rearn Bob Brown

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST  
5 AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE  
6 DEPOSITED IN THE STATE GENERAL FUND; AMENDING SECTIONS  
7 15-30-142, 15-30-179, 15-30-207, 15-30-321, 15-30-323,  
8 15-31-503, 15-31-510, AND 15-31-543, MCA; AND PROVIDING AN  
9 EFFECTIVE DATE AND AN APPLICABILITY DATE."

10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 15-30-142, MCA, is amended to read:

13 "15-30-142. Returns and payment of tax -- penalty and  
14 interest -- refunds -- credits. (1) Every single individual  
15 and every married individual not filing a joint return with  
16 his or her spouse and having a gross income for the taxable  
17 year of more than \$1,000, as adjusted under the provisions  
18 of subsection (7), and married individuals not filing  
19 separate returns and having a combined gross income for the  
20 taxable year of more than \$2,000, as adjusted under the  
21 provisions of subsection (7), shall be liable for a return  
22 to be filed on such forms and according to such rules as the  
23 department may prescribe. The gross income amounts referred  
24 to in the preceding sentence shall be increased by \$800, as  
25 adjusted under the provisions of 15-30-112(7) and (8), for

1 each additional personal exemption allowance the taxpayer is  
2 entitled to claim for himself and his spouse under  
3 15-30-112(3) and (4). A nonresident shall be required to  
4 file a return if his gross income for the taxable year  
5 derived from sources within Montana exceeds the amount of  
6 the exemption deduction he is entitled to claim for himself  
7 and his spouse under the provisions of 15-30-112(2), (3),  
8 and (4), as prorated according to 15-30-112(6).

9 (2) In accordance with instructions set forth by the  
10 department, every taxpayer who is married and living with  
11 husband or wife and is required to file a return may, at his  
12 or her option, file a joint return with husband or wife even  
13 though one of the spouses has neither gross income nor  
14 deductions. If a joint return is made, the tax shall be  
15 computed on the aggregate taxable income and the liability  
16 with respect to the tax shall be joint and several. If a  
17 joint return has been filed for a taxable year, the spouses  
18 may not file separate returns after the time for filing the  
19 return of either has expired unless the department so  
20 consents.

21 (3) If any such taxpayer is unable to make his own  
22 return, the return shall be made by a duly authorized agent  
23 or by a guardian or other person charged with the care of  
24 the person or property of such taxpayer.

25 (4) All taxpayers, including but not limited to those

1 subject to the provisions of 15-30-202 and 15-30-241, shall  
 2 compute the amount of income tax payable and shall, at the  
 3 time of filing the return required by this chapter, pay to  
 4 the department any balance of income tax remaining unpaid  
 5 after crediting the amount withheld as provided by 15-30-202  
 6 and/or any payment made by reason of an estimated tax return  
 7 provided for in 15-30-241; provided, however, the tax so  
 8 computed is greater by \$1 than the amount withheld and/or  
 9 paid by estimated return as provided in this chapter. If the  
 10 amount of tax withheld and/or payment of estimated tax  
 11 exceeds by more than \$1 the amount of income tax as  
 12 computed, the taxpayer shall be entitled to a refund of the  
 13 excess.

14 (5) As soon as practicable after the return is filed,  
 15 the department shall examine and verify the tax.

16 (6) If the amount of tax as verified is greater than  
 17 the amount theretofore paid, the excess shall be paid by the  
 18 taxpayer to the department within 60 days after notice of  
 19 the amount of the tax as computed, with interest added at  
 20 the rate of 9% per annum or fraction thereof on the  
 21 additional tax. In such case there shall be no penalty  
 22 because of such understatement, provided the deficiency is  
 23 paid within 60 days after the first notice of the amount is  
 24 mailed to the taxpayer.

25 (7) By November 1 of each year, the department shall

1 multiply the minimum amount of gross income necessitating  
 2 the filing of a return by the inflation factor for the  
 3 taxable year. These adjusted amounts are effective for that  
 4 taxable year, and persons having gross incomes less than  
 5 these adjusted amounts are not required to file a return.

6 (8) Individual income tax forms distributed by the  
 7 department for each taxable year must contain instructions  
 8 and tables based on the adjusted base year structure for  
 9 that taxable year.

10 (9) All interest and penalties assessed and collected  
 11 under this section must be deposited in the state general  
 12 fund."

13 **Section 2.** Section 15-30-179, MCA, is amended to read:

14 "15-30-179. Residential property tax credit for elderly  
 15 -- denial of claim. (1) A person filing a false or  
 16 fraudulent claim under the provisions of 15-30-171 through  
 17 15-30-179 shall ~~must~~ be charged with the offense of unsworn  
 18 falsification to authorities pursuant to 45-7-203. If a  
 19 false or fraudulent claim has been paid, the amount paid may  
 20 be recovered as any other debt owed to the state. An  
 21 additional 10% may be added to the amount due as a penalty.  
 22 The unpaid debt ~~shall-bear~~ bears interest from the date of  
 23 the original payment of claim until paid, at the rate of 1%  
 24 per month.

25 (2) All interest and penalties assessed and collected

1 under this section must be deposited in the state general  
2 fund."

3 **Section 3.** Section 15-30-207, MCA, is amended to read:

4 "15-30-207. Annual statement by employer. (1) Every  
5 Each employer shall, on or before February 28 in each year,  
6 file with the department a wage and tax statement for each  
7 employee in such the form and summarizing such the  
8 information as the department requires, including the total  
9 wages paid to the employee during the preceding calendar  
10 year or any part thereof of the year and showing the total  
11 amount of the federal income tax deducted and withheld from  
12 such wages and the total amount of the tax deducted and  
13 withheld therefrom under the provisions of 15-30-201 through  
14 15-30-209.

15 (2) The annual statement filed by an employer with  
16 respect to the wage payments reported constitutes full  
17 compliance with the requirements of 15-30-301 relating to  
18 the duties of information agents, and no additional  
19 information return is required with respect to such wage  
20 payments.

21 (3) In addition to any other penalty provided by law,  
22 the failure of an employer to furnish a statement as  
23 required by subsection (1) subjects the employer to a  
24 penalty of \$5 for each failure, provided that the minimum  
25 penalty for failure to file the statements required on or

1 before February 28 of each year ~~shall--be~~ is \$50. This  
2 penalty may be abated by the department upon a showing of  
3 good cause by the employer. The penalty may be collected in  
4 the same manner as are other tax debts.

5 (4) All penalties assessed and collected under this  
6 section must be deposited in the state general fund."

7 **Section 4.** Section 15-30-321, MCA, is amended to read:

8 "15-30-321. Penalties for violation of chapter. (1) If  
9 any a person, without purposely or knowingly violating any a  
10 requirement imposed by this chapter, fails to file a return  
11 of income on or before its due date (determined with regard  
12 to an extension of time granted for filing the return),  
13 there ~~shall-be~~ is imposed a penalty of 5% of any the balance  
14 of tax unpaid with respect to such the return as of its due  
15 date, but in no event ~~shall may~~ the penalty for failure to  
16 file a return by its due date be less than \$5. The  
17 department may abate the penalty if the taxpayer establishes  
18 that the failure to file on time was due to reasonable cause  
19 and was not due to neglect on his part. If any a person,  
20 without purposely or knowingly violating any a requirement  
21 imposed by this chapter, fails to pay any tax on or before  
22 its due date (determined with regard to an extension of time  
23 granted for filing the return), there ~~shall must~~ be added to  
24 the tax a penalty of 10% of said the tax, but not less than  
25 \$5, and interest ~~shall-accrue~~ accrues on the tax at the rate

1 of 9% per annum for the entire period it remains unpaid. The  
 2 department may abate the penalty if the taxpayer establishes  
 3 that the failure to pay on time was due to reasonable cause  
 4 and was not due to neglect on his part.

5 (2) If any a person fails, purposely or knowingly  
 6 violating any a requirement imposed by this chapter, to make  
 7 a return of income or to pay a tax if one is due at the time  
 8 required by or under the provisions of this chapter, there  
 9 ~~shall~~ must be added to the tax an additional amount equal to  
 10 25% thereof of the tax due, but such the additional amount  
 11 ~~shall--in--no--case may not~~ be less than \$25, and interest at  
 12 1% for each month or fraction of a month during which the  
 13 tax remains unpaid.

14 (3) Any An individual, corporation, or partnership or  
 15 any an officer or employee of any corporation or member or  
 16 employee of any partnership who, with intent to evade any  
 17 tax or any a requirement of this chapter or any lawful  
 18 requirement of the department thereunder under this chapter,  
 19 purposely or knowingly, fails to pay the tax or to make,  
 20 render, or sign any a return or to supply any information  
 21 within the time required by or under the provisions of this  
 22 chapter or who, with like intent, purposely or knowingly  
 23 makes, renders, or signs any a false or fraudulent return or  
 24 statement or supplies any false or fraudulent information  
 25 ~~shall-be is~~ liable to a penalty of not more than \$1,000, to

1 be recovered by the attorney general in the name of the  
 2 state by action in any a court of competent jurisdiction,  
 3 and ~~shall is~~ also be guilty of a misdemeanor and shall upon  
 4 conviction be fined not to exceed \$1,000 or be imprisoned  
 5 not to exceed 1 year, or both, at the discretion of the  
 6 court.

7 (4) With respect to the imposition of a civil penalty,  
 8 evidence produced by the department to the effect that a tax  
 9 has not been paid, that a return has not been filed, or that  
 10 information has not been supplied as required under the  
 11 provisions of this chapter is prima facie evidence that the  
 12 tax has not been paid, the return has not been filed, or the  
 13 information has not been supplied.

14 (5) All interest and penalties assessed and collected  
 15 under this section must be deposited in the state general  
 16 fund."

17 **Section 5.** Section 15-30-323, MCA, is amended to read:

18 "15-30-323. Penalty for deficiency. (1) If the payment  
 19 required by 15-30-142(6) is not made within 60 days or if  
 20 the understatement is due to negligence on the part of the  
 21 taxpayer but without fraud, there ~~shall~~ must be added to the  
 22 amount of the deficiency 5% thereof of the deficiency;  
 23 provided, however, that no deficiency penalty shall may be  
 24 less than \$2. Interest ~~will~~ must be computed at the rate of  
 25 9% per annum or fraction thereof of the annum on the



1 additional assessment. Except as otherwise expressly  
2 provided in this subsection, the interest ~~shall~~ must in all  
3 cases be computed from the date the return and tax were  
4 originally due as distinguished from the due date as it may  
5 have been extended to the date of payment.

6 (2) If the time for filing a return is extended, the  
7 taxpayer shall pay in addition to the tax due interest  
8 thereon on the tax at the rate of 9% per annum from the time  
9 when the return was originally required to be filed to the  
10 time of payment.

11 (3) All interest and penalties assessed and collected  
12 under this section must be deposited in the state general  
13 fund."

14 **Section 6.** Section 15-31-503, MCA, is amended to read:

15 "15-31-503. Deficiency assessment -- hearing --  
16 interest. (1) If the department of revenue determines that  
17 the amount of tax due is greater than the amount disclosed  
18 by the return, it shall mail to the taxpayer a notice of the  
19 additional tax proposed to be assessed. Within 30 days after  
20 the mailing of the notice, the taxpayer may file with the  
21 department a written protest against the proposed additional  
22 tax, setting forth the grounds upon which the protest is  
23 based, and may request in its protest an oral hearing or an  
24 opportunity to present additional evidence relating to its  
25 tax liability. If no protest is filed, the amount of the

1 additional tax proposed to be assessed becomes final upon  
2 the expiration of the 30-day period. If such protest is  
3 filed, the department shall reconsider the proposed  
4 assessment and, if the taxpayer has so requested, shall  
5 grant the taxpayer an oral hearing. After consideration of  
6 the protest and the evidence presented in the event of an  
7 oral hearing, the department's action upon the protest is  
8 final when it mails notice of its action to the taxpayer.

9 (2) When a deficiency is determined and the tax becomes  
10 final, the department shall mail notice and demand to the  
11 taxpayer for the payment thereof, and the tax shall be due  
12 and payable at the expiration of 10 days from the date of  
13 such notice and demand. Interest on any deficiency  
14 assessment shall bear interest from the date specified in  
15 15-31-502 for payment of the tax. A certificate by the  
16 department of the mailing of the notices specified in this  
17 subsection shall be prima facie evidence of the computation  
18 and levy of the deficiency in tax and of the giving of the  
19 notices.

20 (3) All interest assessed and collected under this  
21 section must be deposited in the state general fund."

22 **Section 7.** Section 15-31-510, MCA, is amended to read:

23 "15-31-510. Estimated payments -- interest penalty --  
24 tax returns -- penalty -- interest. (1) For corporations  
25 failing to make estimated payments according to the schedule

1 provided in 15-31-502(2), there is assessed a 20% per annum  
2 underpayment interest penalty calculated as follows:

3 (a) For purposes of this subsection (a), the amount of  
4 underpayment is in excess of the amount of the installment  
5 that would be required to be paid if the estimated tax were  
6 equal to 80% of the tax shown on the return for the taxable  
7 year or, if no return was filed, 80% of the tax for the year  
8 over the amount, if any, of the installment paid on or  
9 before the last date prescribed for payment.

10 (b) Notwithstanding the provisions of subsection  
11 (1)(a), the interest penalty with respect to an underpayment  
12 of any installment may not be imposed if the total amount of  
13 all payments of estimated tax made on or before the last  
14 date prescribed for the payment of the installment equals or  
15 exceeds the amount that would have been required to be paid  
16 on or before that date if the estimated tax were the lesser  
17 of the following:

18 (i) the tax shown on the return of the corporation for  
19 the preceding taxable year if a return showing a liability  
20 for tax was filed for the preceding taxable year and the  
21 preceding year was a taxable year of 12 months;

22 (ii) an amount equal to the tax computed at the rates  
23 applicable to the taxable year, but otherwise on the basis  
24 of the facts shown on the return of the corporation for, and  
25 the law applicable to, the preceding taxable year; or

1 (iii) an amount equal to 80% of the tax for the taxable  
2 year, computed by placing on an annualized basis the taxable  
3 income:

4 (A) for the first 3 months of the taxable year in the  
5 case of the installment required to be paid in the 4th  
6 month;

7 (B) for the first 3 months or for the first 5 months of  
8 the taxable year in the case of the installment required to  
9 be paid in the 6th month;

10 (C) for the first 6 months or for the first 8 months of  
11 the taxable year in the case of the installment required to  
12 be paid in the 9th month; and

13 (D) for the first 9 months or for the first 11 months  
14 of the taxable year in the case of the installment required  
15 to be paid in the 12th month of the taxable year.

16 (c) For purposes of subsection (1)(b)(iii), the taxable  
17 income must be placed on an annualized basis by:

18 (i) multiplying by 12 the taxable income referred to in  
19 subsection (1)(b)(iii); and

20 (ii) dividing the resulting amount by the number of  
21 months in the taxable year (3, 5, 6, 8, 9, or 11, as the  
22 case may be) referred to in subsection (1)(b)(iii).

23 (d) Notwithstanding subsections (1)(a) through (1)(c),  
24 the interest penalty with respect to an underpayment of any  
25 installment may not be imposed if the total amount of all

1 payments of estimated tax made on or before the last date  
2 prescribed for the payment of the installment equals or  
3 exceeds 80% of the amount determined under subsection  
4 (1)(e).

5 (e) To determine the amount under this subsection (e)  
6 for any installment:

7 (i) take the taxable income for all months during the  
8 taxable year preceding the filing month;

9 (ii) divide the amount by the base period percentage for  
10 all months during the taxable year preceding the filing  
11 month;

12 (iii) determine the tax on the amount calculated under  
13 subsection (1)(e)(ii); and

14 (iv) multiply the tax computed under subsection  
15 (1)(e)(iii) by the base period percentage for the filing  
16 month and all months during the taxable year preceding the  
17 filing month.

18 (f) For purposes of this subsection (1):

19 (i) the base period percentage for any period of months  
20 is the average percentage that the taxable income for the  
21 corresponding months in each of the 3 preceding taxable  
22 years bears to the taxable income of the 3 preceding years;

23 (ii) the term "filing month" means the month in which  
24 the installment is required to be paid;

25 (iii) this subsection (1) applies only if the base

1 period percentage for any 6 consecutive months of the  
2 taxable year equals or exceeds 70%; and

3 (iv) the department of revenue may by rule provide for  
4 the determination of the base period percentage in the case  
5 of reorganizations, new corporations, and other similar  
6 circumstances.

7 (2) If the tax for any corporation is not paid on or  
8 before the due date of the return as provided in  
9 15-31-111(2), there is assessed a penalty of 10% of the  
10 amount of the tax due, unless it is shown that the failure  
11 was due to reasonable cause and not to neglect.

12 (3) If any tax due under this section is not paid when  
13 due, by reason of extension granted or otherwise, interest  
14 is added to the tax due at the rate of 12% a year from the  
15 due date until paid.

16 (4) All interest and penalties assessed and collected  
17 under this section must be deposited in the state general  
18 fund."

19 **Section 8.** Section 15-31-543, MCA, is amended to read:

20 "15-31-543. Penalties. (1) If any a corporation ~~shall~~  
21 ~~refuse~~ refuses or ~~neglect~~ neglects to make a return at the  
22 time ~~hereinbefore~~ specified in each year or ~~shall--render~~  
23 renders a false or fraudulent return, such the corporation  
24 ~~shall-be~~ is liable to a penalty of not exceeding \$5,000 and  
25 may be adjudged by a court of competent jurisdiction to

1 forfeit the right to continue to engage in business in the  
2 state as such corporation until the license fee, together  
3 with all penalties and costs, ~~shall--be~~ are paid, which  
4 forfeiture may be enforced by the attorney general by proper  
5 proceedings in court.

6 (2) ~~Every~~ Each officer or employee of ~~any a~~ corporation  
7 or other person who, without fraudulent intent, ~~shall-fail~~  
8 fails to make, render, sign, or verify ~~any a~~ return or to  
9 supply ~~any~~ information within the time required by or under  
10 the provisions of this chapter ~~shall--be~~ is liable to a  
11 penalty of not more than \$100 to be imposed, assessed, and  
12 collected by the department of revenue in the same manner as  
13 is provided in this chapter with regard to delinquent taxes.

14 (3) All interest and penalties assessed and collected  
15 under this section must be deposited in the state general  
16 fund."

17 NEW SECTION. Section 9. Effective date --  
18 applicability. (1) [This act] is effective July 1, 1991.

19 (2) [Sections 1 through 8] apply to all interest and  
20 penalties collected after June 30, 1991, regardless of when  
21 the tax, interest, or penalty was originally due.

-End-

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 321

INTRODUCED BY REAM, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE ALLOCATION OF REFUNDS; AMENDING SECTIONS ~~15-30-142~~, ~~15-30-179~~, ~~15-30-207~~, ~~15-30-321~~, ~~15-30-323~~, ~~15-31-503~~, ~~15-31-510~~, ~~AND~~ ~~15-31-540~~ 15-1-501 AND 15-31-702, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

**Section 1.** Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under

chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53; and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

(a) 57% of the taxes in fiscal year 1990 and 50% of the taxes in fiscal year 1991, to the credit of the state general fund;

(b) 9.8% of the taxes in fiscal year 1990 and 8.7% of the taxes in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) 33.2% of the taxes in fiscal year 1990 and 41.3% of the taxes in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343; and

(d) all interest and penalties to the credit of the state general fund.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be

**SECOND READING**

1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
 3 taxes in fiscal year 1991, to the credit of the state  
 4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
 6 the taxes in fiscal year 1991, to the credit of the debt  
 7 service account for long-range building program bonds as  
 8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
 10 the taxes in fiscal year 1991, to the credit of the state  
 11 special revenue fund for state equalization aid to the  
 12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
 14 state general fund.

15 (4) The state treasurer shall also deposit to the  
 16 credit of the state general fund all money received by him  
 17 from the collection of license taxes, fees, and all net  
 18 revenues and receipts from all other sources under the  
 19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
 21 the remainder of the oil severance tax collections must be  
 22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
 24 funds in which the taxes are deposited. All refunds of  
 25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 "15-31-702. Distribution of corporation license taxes  
 4 collected from banks or savings and loan associations. (1)  
 5 All corporation license taxes, interest, and penalties  
 6 collected from banks and savings and loan associations shall  
 7 be distributed in the following manner:

8 (a) 20% must be remitted to the state treasurer to be  
 9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
 11 17-7-502, for allocation to the various taxing jurisdictions  
 12 within the county in which the bank or savings and loan  
 13 association is located.

14 (2) The corporation license taxes, interest, and  
 15 penalties distributed under subsection (1)(b) shall be  
 16 allocated to each taxing jurisdiction in the proportion that  
 17 its mill levy for that fiscal year bears to the total mill  
 18 levy of the taxing authorities of the district in which the  
 19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
 21 this section, all taxing authorities within a county  
 22 permitted under state law to levy mills against the taxable  
 23 value of property in the taxing district in which the bank  
 24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. **Section 3.** Effective date --

6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-

APPROVED BY COMMITTEE  
ON TAXATION

1 HOUSE BILL NO. 321  
 2 INTRODUCED BY REAM, B. BROWN  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST  
 5 AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE  
 6 DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE  
 7 ALLOCATION OF REFUNDS; AMENDING SECTIONS 15-30-142,  
 8 15-30-179,---15-30-207,---15-30-321,--15-30-323,--15-31-503,  
 9 15-31-5107-AND-15-31-543 15-1-501 AND 15-31-702, MCA; AND  
 10 PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."  
 11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 (Refer to Introduced Bill)  
 14 Strike everything after the enacting clause and insert:  
 15 **Section 1.** Section 15-1-501, MCA, is amended to read:  
 16 "15-1-501. **Disposition of money from certain designated**  
 17 **license and other taxes.** (1) The state treasurer shall  
 18 deposit to the credit of the state general fund all money  
 19 received by him from the collection of:  
 20 (a) fees from driver's licenses, motorcycle  
 21 endorsements, and duplicate driver's licenses as provided in  
 22 61-5-121;  
 23 (b) electrical energy producer's license taxes under  
 24 chapter 51;  
 25 (c) severance taxes allocated to the general fund under

1 chapter 36;  
 2 (d) liquor license taxes under Title 16;  
 3 (e) telephone company license taxes under chapter 53;  
 4 and  
 5 (f) inheritance and estate taxes under Title 72,  
 6 chapter 16.  
 7 (2) All money received from the collection of income  
 8 taxes under chapter 30 of this title must be deposited as  
 9 follows:  
 10 (a) 57% of the taxes in fiscal year 1990 and 50% of the  
 11 taxes in fiscal year 1991, to the credit of the state  
 12 general fund;  
 13 (b) 9.8% of the taxes in fiscal year 1990 and 8.7% of  
 14 the taxes in fiscal year 1991, to the credit of the debt  
 15 service account for long-range building program bonds as  
 16 described in 17-5-408; and  
 17 (c) 33.2% of the taxes in fiscal year 1990 and 41.3% of  
 18 the taxes in fiscal year 1991, to the credit of the state  
 19 special revenue fund for state equalization aid to the  
 20 public schools of Montana as described in 20-9-343; and  
 21 (d) all interest and penalties to the credit of the  
 22 state general fund.  
 23 (3) All money received from the collection of  
 24 corporation license and income taxes under chapter 31 of  
 25 this title, except as provided in 15-31-702, must be





1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
 3 taxes in fiscal year 1991, to the credit of the state  
 4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
 6 the taxes in fiscal year 1991, to the credit of the debt  
 7 service account for long-range building program bonds as  
 8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
 10 the taxes in fiscal year 1991, to the credit of the state  
 11 special revenue fund for state equalization aid to the  
 12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
 14 state general fund.

15 (4) The state treasurer shall also deposit to the  
 16 credit of the state general fund all money received by him  
 17 from the collection of license taxes, fees, and all net  
 18 revenues and receipts from all other sources under the  
 19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
 21 the remainder of the oil severance tax collections must be  
 22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
 24 funds in which the taxes are deposited. All refunds of  
 25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 **\*15-31-702. Distribution of corporation license taxes**  
 4 **collected from banks or savings and loan associations. (1)**  
 5 **All corporation license taxes, interest, and penalties**  
 6 **collected from banks and savings and loan associations shall**  
 7 **be distributed in the following manner:**

8 (a) 20% must be remitted to the state treasurer to be  
 9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
 11 17-7-502, for allocation to the various taxing jurisdictions  
 12 within the county in which the bank or savings and loan  
 13 association is located.

14 (2) The corporation license taxes, interest, and  
 15 penalties distributed under subsection (1)(b) shall be  
 16 allocated to each taxing jurisdiction in the proportion that  
 17 its mill levy for that fiscal year bears to the total mill  
 18 levy of the taxing authorities of the district in which the  
 19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
 21 this section, all taxing authorities within a county  
 22 permitted under state law to levy mills against the taxable  
 23 value of property in the taxing district in which the bank  
 24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. **Section 3.** Effective date --  
6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-

RE-REFERRED AND  
APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 321

INTRODUCED BY REAM, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE ALLOCATION OF REFUNDS; AMENDING SECTIONS ~~15-30-142~~ ~~15-30-179~~ ~~15-30-207~~ ~~15-30-321~~ ~~15-30-323~~ ~~15-31-503~~ ~~15-31-510~~ AND ~~15-31-543~~ 15-1-501 AND 15-31-702, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

**Section 1.** Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under

chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53;

and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

(a) 5% of the taxes in fiscal year 1990 and 5% of the taxes in fiscal year 1991, to the credit of the state general fund;

(b) 9.8% of the taxes in fiscal year 1990 and 8.7% of the taxes in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) 33.2% of the taxes in fiscal year 1990 and 41.3% of the taxes in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343; and

(d) all interest and penalties to the credit of the state general fund.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be

1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
 3 taxes in fiscal year 1991, to the credit of the state  
 4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
 6 the taxes in fiscal year 1991, to the credit of the debt  
 7 service account for long-range building program bonds as  
 8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
 10 the taxes in fiscal year 1991, to the credit of the state  
 11 special revenue fund for state equalization aid to the  
 12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
 14 state general fund.

15 (4) The state treasurer shall also deposit to the  
 16 credit of the state general fund all money received by him  
 17 from the collection of license taxes, fees, and all net  
 18 revenues and receipts from all other sources under the  
 19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
 21 the remainder of the oil severance tax collections must be  
 22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
 24 funds in which the taxes are deposited. All refunds of  
 25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 **"15-31-702. Distribution of corporation license taxes**  
 4 **collected from banks or savings and loan associations. (1)**  
 5 **All corporation license taxes, interest, and penalties**  
 6 **collected from banks and savings and loan associations shall**  
 7 **be distributed in the following manner:**

8 (a) 20% must be remitted to the state treasurer to be  
 9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
 11 17-7-502, for allocation to the various taxing jurisdictions  
 12 within the county in which the bank or savings and loan  
 13 association is located.

14 (2) The corporation license taxes, interest, and  
 15 penalties distributed under subsection (1)(b) shall be  
 16 allocated to each taxing jurisdiction in the proportion that  
 17 its mill levy for that fiscal year bears to the total mill  
 18 levy of the taxing authorities of the district in which the  
 19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
 21 this section, all taxing authorities within a county  
 22 permitted under state law to levy mills against the taxable  
 23 value of property in the taxing district in which the bank  
 24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. **Section 3.** Effective date --  
6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-

## 1 HOUSE BILL NO. 321

2 INTRODUCED BY REAM, B. BROWN

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST  
5 AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE  
6 DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE  
7 ALLOCATION OF REFUNDS; AMENDING SECTIONS ~~15-30-142,~~  
8 ~~15-30-179,---15-30-207,---15-30-321,--15-30-323,--15-31-503,~~  
9 ~~15-31-510,--AND-15-31-543~~ 15-1-501 AND 15-31-702, MCA; AND  
10 PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 (Refer to Introduced Bill)

14 Strike everything after the enacting clause and insert:

15 Section 1. Section 15-1-501, MCA, is amended to read:

16 "15-1-501. Disposition of money from certain designated  
17 license and other taxes. (1) The state treasurer shall  
18 deposit to the credit of the state general fund all money  
19 received by him from the collection of:

20 (a) fees from driver's licenses, motorcycle  
21 endorsements, and duplicate driver's licenses as provided in  
22 61-5-121;

23 (b) electrical energy producer's license taxes under  
24 chapter 51;

25 (c) severance taxes allocated to the general fund under

1 chapter 36;

2 (d) liquor license taxes under Title 16;

3 (e) telephone company license taxes under chapter 53;  
4 and

5 (f) inheritance and estate taxes under Title 72,  
6 chapter 16.

7 (2) All money received from the collection of income  
8 taxes under chapter 30 of this title must be deposited as  
9 follows:

10 (a) 57% of the taxes in fiscal year 1990 and 50% of the  
11 taxes in fiscal year 1991, to the credit of the state  
12 general fund;

13 (b) 9.8% of the taxes in fiscal year 1990 and 8.7% of  
14 the taxes in fiscal year 1991, to the credit of the debt  
15 service account for long-range building program bonds as  
16 described in 17-5-408; and

17 (c) 33.2% of the taxes in fiscal year 1990 and 41.3% of  
18 the taxes in fiscal year 1991, to the credit of the state  
19 special revenue fund for state equalization aid to the  
20 public schools of Montana as described in 20-9-343; and

21 (d) all interest and penalties to the credit of the  
22 state general fund.

23 (3) All money received from the collection of  
24 corporation license and income taxes under chapter 31 of  
25 this title, except as provided in 15-31-702, must be

1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
3 taxes in fiscal year 1991, to the credit of the state  
4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
6 the taxes in fiscal year 1991, to the credit of the debt  
7 service account for long-range building program bonds as  
8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
10 the taxes in fiscal year 1991, to the credit of the state  
11 special revenue fund for state equalization aid to the  
12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
14 state general fund.

15 (4) The state treasurer shall also deposit to the  
16 credit of the state general fund all money received by him  
17 from the collection of license taxes, fees, and all net  
18 revenues and receipts from all other sources under the  
19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
21 the remainder of the oil severance tax collections must be  
22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
24 funds in which the taxes are deposited. All refunds of  
25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 "**15-31-702.** Distribution of corporation license taxes  
4 collected from banks or savings and loan associations. (1)  
5 All corporation license taxes, interest, and penalties  
6 collected from banks and savings and loan associations shall  
7 be distributed in the following manner:

8 (a) 20% must be remitted to the state treasurer to be  
9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
11 17-7-502, for allocation to the various taxing jurisdictions  
12 within the county in which the bank or savings and loan  
13 association is located.

14 (2) The corporation license taxes, interest, and  
15 penalties distributed under subsection (1)(b) shall be  
16 allocated to each taxing jurisdiction in the proportion that  
17 its mill levy for that fiscal year bears to the total mill  
18 levy of the taxing authorities of the district in which the  
19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
21 this section, all taxing authorities within a county  
22 permitted under state law to levy mills against the taxable  
23 value of property in the taxing district in which the bank  
24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. **Section 3.** Effective date --  
6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-



## 1 HOUSE BILL NO. 321

2 INTRODUCED BY REAM, B. BROWN

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST  
5 AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE  
6 DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE  
7 ALLOCATION OF REFUNDS; AMENDING SECTIONS ~~15-30-142,~~  
8 ~~15-30-179,---15-30-207,---15-30-321,--15-30-323,--15-31-503,~~  
9 ~~15-31-510,--AND-15-31-543~~ 15-1-501 AND 15-31-702, MCA; AND  
10 PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 (Refer to Introduced Bill)

14 Strike everything after the enacting clause and insert:

15 **Section 1.** Section 15-1-501, MCA, is amended to read:

16 "15-1-501. Disposition of money from certain designated  
17 license and other taxes. (1) The state treasurer shall  
18 deposit to the credit of the state general fund all money  
19 received by him from the collection of:

20 (a) fees from driver's licenses, motorcycle  
21 endorsements, and duplicate driver's licenses as provided in  
22 61-5-121;

23 (b) electrical energy producer's license taxes under  
24 chapter 51;

25 (c) severance taxes allocated to the general fund under

1 chapter 36;

2 (d) liquor license taxes under Title 16;

3 (e) telephone company license taxes under chapter 53;

4 and

5 (f) inheritance and estate taxes under Title 72,  
6 chapter 16.

7 (2) All money received from the collection of income  
8 taxes under chapter 30 of this title must be deposited as  
9 follows:

10 (a) 5% of the taxes in fiscal year 1990 and 5% of the  
11 taxes in fiscal year 1991, to the credit of the state  
12 general fund;

13 (b) 9.8% of the taxes in fiscal year 1990 and 8.7% of  
14 the taxes in fiscal year 1991, to the credit of the debt  
15 service account for long-range building program bonds as  
16 described in 17-5-408; and

17 (c) 33.2% of the taxes in fiscal year 1990 and 41.3% of  
18 the taxes in fiscal year 1991, to the credit of the state  
19 special revenue fund for state equalization aid to the  
20 public schools of Montana as described in 20-9-343; and

21 (d) all interest and penalties to the credit of the  
22 state general fund.

23 (3) All money received from the collection of  
24 corporation license and income taxes under chapter 31 of  
25 this title, except as provided in 15-31-702, must be

1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
3 taxes in fiscal year 1991, to the credit of the state  
4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
6 the taxes in fiscal year 1991, to the credit of the debt  
7 service account for long-range building program bonds as  
8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
10 the taxes in fiscal year 1991, to the credit of the state  
11 special revenue fund for state equalization aid to the  
12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
14 state general fund.

15 (4) The state treasurer shall also deposit to the  
16 credit of the state general fund all money received by him  
17 from the collection of license taxes, fees, and all net  
18 revenues and receipts from all other sources under the  
19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
21 the remainder of the oil severance tax collections must be  
22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
24 funds in which the taxes are deposited. All refunds of  
25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 **"15-31-702. Distribution of corporation license taxes**  
4 **collected from banks or savings and loan associations. (1)**  
5 **All corporation license taxes, interest, and penalties**  
6 **collected from banks and savings and loan associations shall**  
7 **be distributed in the following manner:**

8 (a) 20% must be remitted to the state treasurer to be  
9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
11 17-7-502, for allocation to the various taxing jurisdictions  
12 within the county in which the bank or savings and loan  
13 association is located.

14 (2) The corporation license taxes, interest, and  
15 penalties distributed under subsection (1)(b) shall be  
16 allocated to each taxing jurisdiction in the proportion that  
17 its mill levy for that fiscal year bears to the total mill  
18 levy of the taxing authorities of the district in which the  
19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
21 this section, all taxing authorities within a county  
22 permitted under state law to levy mills against the taxable  
23 value of property in the taxing district in which the bank  
24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. **Section 3.** Effective date --

6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-

## HOUSE BILL NO. 321

INTRODUCED BY REAM, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT INTEREST AND PENALTIES ASSESSED AND COLLECTED ON CERTAIN TAXES BE DEPOSITED IN THE STATE GENERAL FUND; CLARIFYING THE ALLOCATION OF REFUNDS; AMENDING SECTIONS ~~15-30-142~~ ~~15-30-179~~ ~~15-30-207~~ ~~15-30-321~~ ~~15-30-323~~ ~~15-31-503~~ ~~15-31-510~~ ~~ANB-15-31-543~~ 15-1-501 AND 15-31-702, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

**Section 1.** Section 15-1-501, MCA, is amended to read:

"15-1-501. Disposition of money from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all money received by him from the collection of:

(a) fees from driver's licenses, motorcycle endorsements, and duplicate driver's licenses as provided in 61-5-121;

(b) electrical energy producer's license taxes under chapter 51;

(c) severance taxes allocated to the general fund under

chapter 36;

(d) liquor license taxes under Title 16;

(e) telephone company license taxes under chapter 53;

and

(f) inheritance and estate taxes under Title 72, chapter 16.

(2) All money received from the collection of income taxes under chapter 30 of this title must be deposited as follows:

(a) 57% of the taxes in fiscal year 1990 and 50% of the taxes in fiscal year 1991, to the credit of the state general fund;

(b) 9.8% of the taxes in fiscal year 1990 and 8.7% of the taxes in fiscal year 1991, to the credit of the debt service account for long-range building program bonds as described in 17-5-408; and

(c) 33.2% of the taxes in fiscal year 1990 and 41.3% of the taxes in fiscal year 1991, to the credit of the state special revenue fund for state equalization aid to the public schools of Montana as described in 20-9-343; and

(d) all interest and penalties to the credit of the state general fund.

(3) All money received from the collection of corporation license and income taxes under chapter 31 of this title, except as provided in 15-31-702, must be

1 deposited as follows:

2 (a) 64% of the taxes in fiscal year 1990 and 61% of the  
 3 taxes in fiscal year 1991, to the credit of the state  
 4 general fund;

5 (b) 11% of the taxes in fiscal year 1990 and 10.5% of  
 6 the taxes in fiscal year 1991, to the credit of the debt  
 7 service account for long-range building program bonds as  
 8 described in 17-5-408; and

9 (c) 25% of the taxes in fiscal year 1990 and 28.5% of  
 10 the taxes in fiscal year 1991, to the credit of the state  
 11 special revenue fund for state equalization aid to the  
 12 public schools of Montana as described in 20-9-343; and

13 (d) all interest and penalties to the credit of the  
 14 state general fund.

15 (4) The state treasurer shall also deposit to the  
 16 credit of the state general fund all money received by him  
 17 from the collection of license taxes, fees, and all net  
 18 revenues and receipts from all other sources under the  
 19 operation of the Montana Alcoholic Beverage Code.

20 (5) After the distribution provided for in 15-36-112,  
 21 the remainder of the oil severance tax collections must be  
 22 deposited in the general fund.

23 (6) All refunds of taxes must be attributed to the  
 24 funds in which the taxes are deposited. All refunds of  
 25 interest and penalties must be attributed to the funds in

1 which the interest and penalties are deposited."

2 **Section 2.** Section 15-31-702, MCA, is amended to read:

3 **"15-31-702. Distribution of corporation license taxes**  
 4 **collected from banks or savings and loan associations. (1)**  
 5 **All corporation license taxes, interest, and penalties**  
 6 **collected from banks and savings and loan associations shall**  
 7 **be distributed in the following manner:**

8 (a) 20% must be remitted to the state treasurer to be  
 9 allocated as provided in 15-1-501(2); and

10 (b) 80% is statutorily appropriated, as provided in  
 11 17-7-502, for allocation to the various taxing jurisdictions  
 12 within the county in which the bank or savings and loan  
 13 association is located.

14 (2) The corporation license taxes, interest, and  
 15 penalties distributed under subsection (1)(b) shall be  
 16 allocated to each taxing jurisdiction in the proportion that  
 17 its mill levy for that fiscal year bears to the total mill  
 18 levy of the taxing authorities of the district in which the  
 19 bank or savings and loan association is located.

20 (3) "Taxing jurisdictions" means, for the purposes of  
 21 this section, all taxing authorities within a county  
 22 permitted under state law to levy mills against the taxable  
 23 value of property in the taxing district in which the bank  
 24 or savings and loan association is located.

25 (4) If a return filed by a bank or savings and loan

1 association involves branches or offices in more than one  
2 taxing jurisdiction, the department of revenue shall provide  
3 a method by rule for equitable distribution among those  
4 taxing jurisdictions."

5 NEW SECTION. Section 3. Effective date --  
6 applicability. (1) [This act] is effective July 1, 1991.

7 (2) [Sections 1 and 2] apply to all tax interest and  
8 penalties collected after June 30, 1992, regardless of when  
9 the tax, interest, or penalty was originally due.

-End-