

HOUSE BILL 332

Introduced by Kadas

1/22	Introduced
1/22	Referred to Taxation
1/22	First Reading
1/22	Fiscal Note Requested
1/26	Fiscal Note Received
1/28	Fiscal Note Printed
2/01	Hearing

1                    House BILL NO. 332  
 2    INTRODUCED BY Kedoo

3  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A PERSONAL  
 5    INCOME TAX CREDIT EQUAL TO 20 PERCENT OF THE INTEREST PAID  
 6    ON STUDENT LOANS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE  
 7    AND A RETROACTIVE APPLICABILITY DATE."

8  
 9    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10        NEW SECTION.    **Section 1.**    Student loan interest credit.

11    There is allowed as a credit against the tax imposed by  
 12    15-30-103 an amount equal to 20% of the annual interest paid  
 13    by the taxpayer during the taxable year on:

14        (1) student loans guaranteed by the United States  
 15    government pursuant to the guaranteed student loan program  
 16    under Title IV of the Higher Education Act of 1965, as  
 17    amended; and

18        (2) loans entered into by the taxpayer for individual  
 19    educational needs while a full-time student at a college,  
 20    university, or other accredited post-secondary academic  
 21    educational facility.

22        NEW SECTION.    **Section 2.**    Codification        instruction.

23    [Section 1] is intended to be codified as an integral part  
 24    of Title 15, chapter 30, and the provisions of Title 15,  
 25    chapter 30, apply to [section 1].

1                    NEW SECTION.    **Section 3.**    Effective date -- retroactive  
 2    applicability. [This act] is effective on passage and  
 3    approval and applies retroactively, within the meaning of  
 4    1-2-109, to tax years beginning after December 31, 1990.

-End-

INTRODUCED BILL  
 HB 332



STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0332, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act to provide a personal income tax credit equal to 20 percent of the interest paid on student loans; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The interest paid by Montana residents on guaranteed students loans in calendar year (CY) 1989 was \$2,500,000 (Office of the Commissioner of Higher Education).
2. An additional 20% of total student loans were not guaranteed yielding total interest paid on student loans of \$3,000,000 in CY 1989 (Office of the Commissioner of Higher Education).
3. The level of interest paid by Montana residents on total student loans for fiscal year (FY) 1992 and 1993 will be the same as for CY 1989.
4. All eligible resident taxpayers claim the credit for both FY 1992 and 1993.
5. All eligible resident taxpayers have no other tax credits and have tax liabilities at least as large as their individual interest tax credits
6. No non-resident taxpayers claim this interest tax credit.

FISCAL IMPACT:

see next page

 1-26-91  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR                      DATE  
Office of Budget and Program Planning

  
\_\_\_\_\_  
MIKE KADAS, PRIMARY SPONSOR                      DATE

Fiscal Note for HB0332, as introduced

**HB 332**

FISCAL IMPACT:

Expenditures:

The proposed legislation would require modification to the tax processing system within the Department of Revenue. Total development and operating costs during FY 1992 would be \$22,050. Operating costs would be \$2,970 in FY 1993 and annually thereafter. FTE required would be 0.33 FTE in FY 1992 and 0.07 FTE in FY 1993.

	FY 92			FY 93		
	<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	0.33	0.33	0	0.07	0.07
Personal Services	0	16,480	16,480	0	2,200	2,200
Operating Expenses	0	5,570	5,570	0	770	770
Total	0	22,050	22,050	0	2,970	2,970

Funding:

General Fund	0	22,050	22,050	0	2,970	2,970
--------------	---	--------	--------	---	-------	-------

Revenues:

Individual Income Tax (01)	311,176,000	310,576,000	(600,000)	327,201,000	326,601,000	(600,000)
----------------------------	-------------	-------------	-----------	-------------	-------------	-----------

**HB 332**