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

LC 0123/01

House BILL NO. 332 1 INTRODUCED BY Kedon 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A PERSONAL 4 INCOME TAX CREDIT EQUAL TO 20 PERCENT OF THE INTEREST PAID 5 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. There is allowed as a credit against the tax imposed by 11 15-30-103 an amount equal to 20% of the annual interest paid 12 by the taxpayer during the taxable year on: 13 14 (1) student loans guaranteed by the United States government pursuant to the guaranteed student loan program 15 under Title IV of the Higher Education Act of 1965, as 16 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. NEW SECTION. Section 2. Codification instruction. 22

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].

LC 0123/01

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-



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:

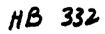
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DATE

ROD SUNDSTED, BUDGET DIRECTOR DIFfice of Budget and Program Planning

MIKE KADAS, PRIMARY SPONSOR

Fiscal Note for HB0332, as introduced



DATE

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		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
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	<u> </u>	5,570	0	770	770
Total	0	22,050	22,050	0	2,970	2,970
<u>Funding:</u> General Fund	0	22,050	22,050	0	2,970	2,970
<u>Revenues:</u> Individual Income Tax (01)	311,176,000	310,576,000	(600,000)	327,201,000	326,601,000	(600,000)

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