

HOUSE BILL 1000

Introduced by Cohen

3/19	Introduced
3/19	Referred to Taxation
3/19	First Reading
3/19	Fiscal Note Requested
3/22	Fiscal Note Received
3/23	Fiscal Note Printed
3/27	Hearing
	Died in Committee

House BILL NO. *1,000*

1
2 INTRODUCED BY _____

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INDIVIDUAL
5 INCOME TAX CREDIT AGAINST PROPERTY TAXES PAID ON THE
6 TAXPAYER'S PRINCIPAL RESIDENCE; LIMITING THE CREDIT; AND
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
8 APPLICABILITY DATE."

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

11 NEW SECTION. **Section 1. Property tax credit.** (1) For
12 the purposes of this section, the following definitions
13 apply:

14 (a) "Homestead" means a single-family dwelling unit or
15 unit of a multiple-unit dwelling that is subject to ad
16 valorem taxes in Montana and that is owned and occupied as
17 the principal residence of the owner and as much of the
18 surrounding land, but not in excess of 1 acre, as is
19 reasonably necessary for its use as a dwelling.

20 (b) "Household" means an association of persons who
21 live in the same dwelling, sharing its furnishings,
22 facilities, accommodations, and expenses. The term does not
23 include bona fide lessees, tenants, or roomers and boarders
24 on contract.

25 (c) "Proof of payment" means a copy of the notice of

1 the amount of property taxes owed by the taxpayer that was
2 sent to the taxpayer, pursuant to 15-16-101, together with a
3 receipt, issued pursuant to 15-16-104, that shows the amount
4 of property taxes paid by the taxpayer or other
5 documentation approved by the department of revenue that
6 shows the amount of property taxes that were owed by the
7 taxpayer and the receipt of payment of property taxes by the
8 taxpayer or his agent.

9 (d) "Property tax" means general ad valorem taxes
10 levied against the homestead, exclusive of special
11 assessments, penalties, or interest.

12 (2) Except as provided in subsection (3), a taxpayer is
13 entitled to receive a credit against taxes imposed under
14 this chapter equal to one-half of the first \$400 of property
15 taxes paid by the taxpayer during the taxable year.

16 (3) (a) A taxpayer who files a claim with the
17 department under 15-30-171 through 15-30-179 is ineligible
18 to receive a credit under this section.

19 (b) Only one taxpayer in each household is eligible to
20 receive a credit under this section.

21 (c) A taxpayer shall provide proof of payment at the
22 time a return is filed claiming a credit for property taxes
23 paid.

24 NEW SECTION. **Section 2. Coordination instruction.** If
25 Bill No. _____ [LC 495] is not passed and approved, then

LC 1804/01

1 [this act] is void.

2 NEW SECTION. **Section 3.** Codification instruction.

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

6 NEW SECTION. **Section 4.** Effective date -- retroactive
7 applicability. [This act] is effective on passage and
8 approval and applies retroactively, within the meaning of
9 1-2-109, to taxable 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 HB1000, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing an individual income tax credit against property taxes paid on the taxpayer's principal residence; limiting the credit; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

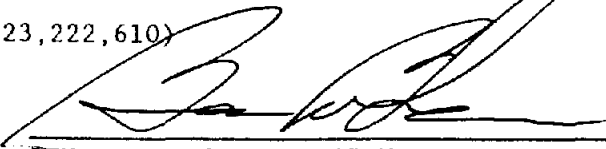
1. Individual income tax collections under current law are \$311,176,000 in FY92 and \$327,201,000 in FY93 (OBPP).
2. Individual income tax collections are deposited 100% in the state general fund under current law.
3. The credit provided for in this bill is nonrefundable, and can be claimed only by filing an income tax form.
4. Only one taxpayer per household can claim the credit.
5. Taxpayers claiming the current elderly homeowner/renter credit cannot claim the credit provided for in this proposal.
6. Based on actual 1989 income tax returns, 105,905 households currently claiming a deduction for property taxes would claim an average credit of \$167.14.
7. The percentage distribution and average credit claimed for households taking the standard deduction is the same as that for households itemizing deductions.
8. Approximately 46,441 households currently taking the standard deduction would claim an average credit of \$118.44.
9. The proposal applies retroactively to tax years beginning after December 31, 1990.
10. The proposal would require adding a new line to the income tax form. The additional administrative costs associated with adding a new line include \$19,080 in one-time development costs and \$3,530 in on-going annual costs.

FISCAL IMPACT:

Department of Revenue:

	<u>FY '92</u>			<u>FY '93</u>		
<u>Expenditures:</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	0.00	0.50	0.50	0.00	0.10	0.10
Personal Services	0	17,040	17,040	0	2,760	2,760
Operating Expense	0	5,570	5,570	0	770	770
Total	0	22,610	22,610	0	3,530	3,530
<u>Funding:</u>						
General Fund	0	22,610	22,610	0	3,530	3,530
<u>Revenues:</u>						
Individual Income Tax (01)	311,176,000	287,976,000	(23,200,000)	327,201,000	304,001,000	(23,200,000)
General Fund Impact (decrease)			(23,222,610)			(23,203,530)


 ROD SUNDSTED, BUDGET DIRECTOR
 Office of Budget and Program Planning
 DATE 3-22-91


 BEN COHEN, PRIMARY SPONSOR
 DATE 3/23/91