

HOUSE BILL NO. 894

INTRODUCED BY KIMBERLEY, DARKO, LYNCH, WHALEN,  
KILPATRICK, RUSSELL, STICKNEY, DAILY, PAVLOVICH,  
KEATING, KADAS, O'KEEFE, J. JOHNSON, FORRESTER,  
GERVAIS, DOLEZAL, G. BECK, THAYER, COCCHIARELLA,  
DRISCOLL, WILLIAMS, HALLIGAN

IN THE HOUSE

FEBRUARY 16, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

  FIRST READING.

MARCH 28, 1991                    COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

APRIL 1, 1991                    PRINTING REPORT.

APRIL 2, 1991                    SECOND READING, DO PASS.

APRIL 3, 1991                    ENGROSSING REPORT.

APRIL 4, 1991                    THIRD READING, PASSED.  
AYES, 76; NOES, 24.

  TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991                    INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

  FIRST READING.

APRIL 5, 1991                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

APRIL 8, 1991                    SECOND READING, CONCURRED IN.

APRIL 9, 1991                    THIRD READING, CONCURRED IN.  
AYES, 44; NOES, 1.

  RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 11, 1991                    RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 12, 1991

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *894*  
 2 INTRODUCED BY *Timberley Clarke*  
 3 *Whalen* *Martin* *Rund* *Stinson* *Walt* *Carlson* *Kistner*  
 4 *Rodes* *Wife* *Johnson*  
 5 *Montana* *Sprad* *Dolezal* *Heck* *St. John*  
 6 *Carroll* *Willa* *Small* *Walters* *Walters*  
 7 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT  
 8 FOR CONTRIBUTIONS MADE TO THE GENERAL ENDOWMENT FUNDS OF THE  
 9 MONTANA UNIVERSITY SYSTEM FOUNDATIONS; AND PROVIDING AN  
 10 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
 11 DATE."

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

13 NEW SECTION. Section 1. Credit for contributions to  
 14 university system foundations. (1) For taxable years  
 15 beginning after December 31, 1990, and before January 1,  
 16 1996, an individual, corporation, partnership, or small  
 17 business corporation, as defined in 15-31-201, is allowed a  
 18 tax credit against taxes imposed by 15-30-103 or 15-31-121  
 19 in an amount equal to 10% of the aggregate amount of  
 20 charitable contributions made by the taxpayer during the  
 21 year to any of the general endowment funds of the Montana  
 22 university system foundations. The maximum credit a taxpayer  
 23 may claim in a year under this section is \$500.

24 (2) There is no carryback or carryforward of the credit  
 25 permitted under this section, and the credit must be applied  
 in the year the donation is made, as determined by the  
 taxpayer's accounting method.

1 (3) For the purposes of this section, "foundation"  
 2 means a nonprofit organization created exclusively for the  
 3 benefit of any unit of the Montana university system and  
 4 that is exempt from taxation under section 501(c)(3) of the  
 5 Internal Revenue Code.  
 6 NEW SECTION. Section 2. 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-



-2- INTRODUCED BILL  
 HB 894

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0894, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing a tax credit for contributions made to the general endowment funds of the Montana University System foundations; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

Expenditures:

Department of Revenue:


The proposed legislation is expected to have minimal expenditure impact on the department.


Revenues:

To provide an estimate of the revenue impact would require knowing the distribution of contributions to general endowment funds of all university foundations, by size of contribution, and by residence of the person making the contribution. This information is not available. However, MSU indicated that total contributions to the endowment fund is in the \$400,000 range. Based on this information, it is unlikely that the proposal would reduce revenues by more than \$100,000 in any given year.

TECHNICAL NOTES:

The proposed legislation does not specify whether or not the credit is refundable (the taxpayer is given a refund even if he has no tax liability). If the credit is refundable, additional administrative expense will be incurred under the proposed legislation.

  
ROD SUNDSTED, BUDGET DIRECTOR                      DATE  
Office of Budget and Program Planning                      2-21-91

  
BERVYL G. "BERV" KIMBERLEY, PRIMARY SPONSOR                      DATE  
Fiscal Note for HB0894, as introduced                      2-23-91  
**HB 894**

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 894

INTRODUCED BY KIMBERLEY, DARKO, LYNCH, WHALEN,  
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KEATING, KADAS, O'KEEFE, J. JOHNSON, FORRESTER,  
GERVAIS, DOLEZAL, G. BECK, THAYER, COCCHIARELLA,  
DRISCOLL, WILLIAMS, HALLIGAN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT  
FOR CONTRIBUTIONS MADE TO THE GENERAL ENDOWMENT FUNDS OF THE  
MONTANA UNIVERSITY SYSTEM FOUNDATIONS AND MONTANA PRIVATE  
COLLEGES OR THEIR FOUNDATIONS; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Credit for contributions to  
university system foundations. (1) For taxable years  
beginning after December 31, 1990, and before January 1,  
1996, an individual, corporation, partnership, or small  
business corporation, as defined in 15-31-201, is allowed a  
tax credit against taxes imposed by 15-30-103 or ~~15-31-121~~  
15-31-101 in an amount equal to 10% of the aggregate amount  
of charitable contributions made by the taxpayer during the  
year to any of the general endowment funds of the Montana  
university system foundations OR A GENERAL ENDOWMENT FUND OF  
A MONTANA PRIVATE COLLEGE OR ITS FOUNDATION. The maximum

credit a taxpayer may claim in a year under this section is  
\$500.

(2) There is no carryback or carryforward of the credit  
permitted under this section, and the credit must be applied  
in the year the donation is made, as determined by the  
taxpayer's accounting method.

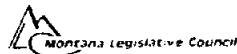
(3) (A) For the purposes of this section, "foundation"  
means a nonprofit organization created exclusively for the  
benefit of any unit of the Montana university system OR A  
MONTANA PRIVATE COLLEGE and that is exempt from taxation  
under section 501(c)(3) of the Internal Revenue Code.

(B) FOR THE PURPOSES OF THIS SECTION, "MONTANA PRIVATE  
COLLEGE" MEANS A NONPROFIT PRIVATE EDUCATIONAL INSTITUTION:

(I) WHOSE MAIN CAMPUS AND PRIMARY OPERATIONS ARE WITHIN  
THE STATE; AND

(II) THAT OFFERS BACCALAUREATE DEGREE LEVEL EDUCATION  
AND IS ACCREDITED FOR THAT PURPOSE BY A NATIONAL OR REGIONAL  
ACCREDITING AGENCY RECOGNIZED BY THE BOARD OF REGENTS OF  
HIGHER EDUCATION.

NEW SECTION. SECTION 2. CONTRIBUTION BY SMALL BUSINESS  
CORPORATION. A CONTRIBUTION TO A GENERAL ENDOWMENT FUND OF  
THE MONTANA UNIVERSITY SYSTEM [OR A MONTANA PRIVATE COLLEGE]  
BY A SMALL BUSINESS CORPORATION, AS DEFINED IN 15-31-201,  
QUALIFIES FOR THE CREDIT IN [SECTION 1]. THE CREDIT MUST BE  
ATTRIBUTED TO SHAREHOLDERS, USING THE SAME PROPORTION USED



1 TO REPORT THE CORPORATION'S INCOME OR LOSS FOR MONTANA  
2 INCOME TAX PURPOSES.

3 NEW SECTION. SECTION 3. CONTRIBUTION BY PARTNERSHIP. A  
4 CONTRIBUTION TO A GENERAL ENDOWMENT FUND OF THE MONTANA  
5 UNIVERSITY SYSTEM [OR A MONTANA PRIVATE COLLEGE] BY A  
6 PARTNERSHIP QUALIFIES FOR THE CREDIT IN [SECTION 1]. THE  
7 CREDIT MUST BE ATTRIBUTED TO PARTNERS, USING THE SAME  
8 PROPORTION USED TO REPORT THE PARTNERSHIP'S INCOME OR LOSS  
9 FOR MONTANA TAX PURPOSES.

10 NEW SECTION. SECTION 4. CODIFICATION INSTRUCTION. (1)  
11 [SECTION 1] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
12 OF TITLE 15, CHAPTER 30, PART 1, AND THE PROVISIONS OF TITLE  
13 15, CHAPTER 30, PART 1, APPLY TO [SECTION 1].

14 (2) [SECTIONS 2 AND 3] ARE INTENDED TO BE CODIFIED AS  
15 AN INTEGRAL PART OF TITLE 15, CHAPTER 31, PART 1, AND THE  
16 PROVISIONS OF TITLE 15, CHAPTER 31, PART 1, APPLY TO  
17 [SECTIONS 2 AND 3].

18 NEW SECTION. Section 5. Effective date -- retroactive  
19 applicability. [This act] is effective on passage and  
20 approval and applies retroactively, within the meaning of  
21 1-2-109, to taxable years beginning after December 31, 1990.

-End-

HOUSE BILL NO. 894

INTRODUCED BY KIMBERLEY, DARKO, LYNCH, WHALEN, KILPATRICK, RUSSELL, STICKNEY, DAILY, PAVLOVICH, KEATING, KADAS, O'KEEFE, J. JOHNSON, FORRESTER, GERVAIS, DOLEZAL, G. BECK, THAYER, COCCHIARELLA, DRISCOLL, WILLIAMS, HALLIGAN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT FOR CONTRIBUTIONS MADE TO THE GENERAL ENDOWMENT FUNDS OF THE MONTANA UNIVERSITY SYSTEM FOUNDATIONS AND MONTANA PRIVATE COLLEGES OR THEIR FOUNDATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Credit for contributions to university system foundations. (1) For taxable years beginning after December 31, 1990, and before January 1, 1996, an individual, corporation, partnership, or small business corporation, as defined in 15-31-201, is allowed a tax credit against taxes imposed by 15-30-103 or 15-31-121 15-31-101 in an amount equal to 10% of the aggregate amount of charitable contributions made by the taxpayer during the year to any of the general endowment funds of the Montana university system foundations OR A GENERAL ENDOWMENT FUND OF A MONTANA PRIVATE COLLEGE OR ITS FOUNDATION. The maximum

credit a taxpayer may claim in a year under this section is \$500.

(2) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the donation is made, as determined by the taxpayer's accounting method.

(3) (A) For the purposes of this section, "foundation" means a nonprofit organization created exclusively for the benefit of any unit of the Montana university system OR A MONTANA PRIVATE COLLEGE and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

(B) FOR THE PURPOSES OF THIS SECTION, "MONTANA PRIVATE COLLEGE" MEANS A NONPROFIT PRIVATE EDUCATIONAL INSTITUTION:

(I) WHOSE MAIN CAMPUS AND PRIMARY OPERATIONS ARE WITHIN THE STATE; AND

(II) THAT OFFERS BACCALAUREATE DEGREE LEVEL EDUCATION AND IS ACCREDITED FOR THAT PURPOSE BY A NATIONAL OR REGIONAL ACCREDITING AGENCY RECOGNIZED BY THE BOARD OF REGENTS OF HIGHER EDUCATION.

NEW SECTION. SECTION 2. CONTRIBUTION BY SMALL BUSINESS CORPORATION. A CONTRIBUTION TO A GENERAL ENDOWMENT FUND OF THE MONTANA UNIVERSITY SYSTEM [OR A MONTANA PRIVATE COLLEGE] BY A SMALL BUSINESS CORPORATION, AS DEFINED IN 15-31-201, QUALIFIES FOR THE CREDIT IN [SECTION 1]. THE CREDIT MUST BE ATTRIBUTED TO SHAREHOLDERS, USING THE SAME PROPORTION USED



1 TO REPORT THE CORPORATION'S INCOME OR LOSS FOR MONTANA  
2 INCOME TAX PURPOSES.

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5 UNIVERSITY SYSTEM [OR A MONTANA PRIVATE COLLEGE] BY A  
6 PARTNERSHIP QUALIFIES FOR THE CREDIT IN [SECTION 1]. THE  
7 CREDIT MUST BE ATTRIBUTED TO PARTNERS, USING THE SAME  
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17 [SECTIONS 2 AND 3].

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19 applicability. [This act] is effective on passage and  
20 approval and applies retroactively, within the meaning of  
21 1-2-109, to taxable years beginning after December 31, 1990.

-End-



SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
April 5, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 894 (third reading copy -- blue), respectfully report that House Bill No. 894 be amended and as so amended be concurred in:

1. Page 2, line 2.

Following: "\$500."

Insert: "The credit allowed under this section may not exceed the taxpayer's income tax liability."

Signed: \_\_\_\_\_

  
Mike Halligan, Chairman

~~MA~~ 4-5-91  
Am. Coord.

SB 4-5 2:40  
Sec. of Senate

SENATE  
HB 894

## 1 HOUSE BILL NO. 894

2 INTRODUCED BY KIMBERLEY, DARKO, LYNCH, WHALEN,  
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 18 1996, an individual, corporation, partnership, or small  
 19 business corporation, as defined in 15-31-201, is allowed a  
 20 tax credit against taxes imposed by 15-30-103 or ~~15-31-121~~  
 21 15-31-101 in an amount equal to 10% of the aggregate amount  
 22 of charitable contributions made by the taxpayer during the  
 23 year to any of the general endowment funds of the Montana  
 24 university system foundations OR A GENERAL ENDOWMENT FUND OF  
 25 A MONTANA PRIVATE COLLEGE OR ITS FOUNDATION. The maximum

1 credit a taxpayer may claim in a year under this section is  
 2 \$500. THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED  
 3 THE TAXPAYER'S INCOME TAX LIABILITY.

4 (2) There is no carryback or carryforward of the credit  
 5 permitted under this section, and the credit must be applied  
 6 in the year the donation is made, as determined by the  
 7 taxpayer's accounting method.

8 (3) (A) For the purposes of this section, "foundation"  
 9 means a nonprofit organization created exclusively for the  
 10 benefit of any unit of the Montana university system OR A  
 11 MONTANA PRIVATE COLLEGE and that is exempt from taxation  
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 22 CORPORATION. A CONTRIBUTION TO A GENERAL ENDOWMENT FUND OF  
 23 THE MONTANA UNIVERSITY SYSTEM (OR A MONTANA PRIVATE COLLEGE)  
 24 BY A SMALL BUSINESS CORPORATION, AS DEFINED IN 15-31-201,  
 25 QUALIFIES FOR THE CREDIT IN (SECTION 1). THE CREDIT MUST BE

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21 approval and applies retroactively, within the meaning of  
22 1-2-109, to taxable years beginning after December 31, 1990.

-End-