

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE  
March 14, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representatives Dozier, Harrington and Underdal, who were excused. Representative Dozier came into the meeting later.

Testimony was heard on SB 241, SB 244, SB 252, SB 342 and SB 363.

SENATE BILL 252

REPRESENTATIVE JAY FABREGA, District 44, one of the sponsors of the bill, said he would make the presentation on this bill for Senator Goodover. Senate Bill 252 is an act providing for an investment credit against the individual income tax and the corporate license tax.

Proponents

JOHN LOPACH, Executive Director of the Economic Growth Council, Great Falls, Montana, said this bill is a reinstatement of the investment credit which had a sunset date of January 1, 1983. This tax credit applies only to corporations eligible for Subchapter S status. Mr. Lopach passed out copies of EXHIBIT 1, which shows examples of the investment tax credit. He went over that handout with the committee.

JANELLE FALLAN, representing the Montana Chamber of Commerce, said SB 252 is one of four tax credit bills presented this session. House Bill 354, sponsored by Representative Sands, makes permanent the 30% credit and that is the bill preferred by the Chamber of Commerce. However, SB 252 is a reasonable alternative. The executive and LFA's budgets assume that after January 1, 1983, there is no investment tax credit. That was not the intent of the original bill. It was meant to be sunsetted at 20% of the federal credit; this bill clarifies that.

JOE O'TOOLE, representing the Missoula Chamber of Commerce, said Missoula's position is consistent with the State Chamber of Commerce. They support SB 252.

JO BRUNNER, representing Women Involved in Farm Economics (WIFE), said they support SB 252. They believe that investment credit is a feature in our tax structure that is a needed incentive to small businesses to update their operations, keep in line with the many continually advancing aspects of bringing their operations into line. Farmers and ranchers who are able to utilize this credit can more readily replace worn out machinery, and improve their operations for more efficient and less costly

production of food and fiber necessary to our citizens. They believe that in the short time that investment credit has been in existence, its benefits certainly more than balance any loss in tax revenue.

MS. BRUNNER also read testimony from Esther Ruud, representing the Montana Cattlemens Association. (See EXHIBIT 2.) The Montana Cattlemens Association strongly believes that it is very important to retain the investment credit for small businesses, if we wish to help build Montana. We want investment credit to continue because it encourages purchases on machinery, truck, pickups, etc., by the farmers which in turn keeps many pickup, truck and implement dealers and manufacturers in business. They, in turn, provide jobs for those they employ, thereby helping the economy of many towns and cities. Investment credit has stimulated the economy of our state and nation and to eliminate it would be a great mistake.

DENNIS BURR, representing the Montana Taxpayers Association, said he agrees with testimony given in support of SB 252 and he also supports the bill.

#### Opponents

DAN BUCKS, Deputy Director of the Department of Revenue, said the federal investment tax credit is not simply a 10% credit for tangible personal property. There are additional provisions in the investment credit law that extend credits up to 25%. In recent years the federal credit has expanded. If you have a state credit on the federal credit, that is expanding the cost to the state. This bill retains language in the current law that allows businesses that are either Subchapter S or small business corporations or regular corporations eligible to be small business corporations but not actually electing to do so, to claim a credit. That latter provision will result in increasing costs to the state if the impending legislation to expand shareholders from 10 to 35 is enacted. Those corporations which were previously ineligible for the tax credit will become eligible.

The bill, as amended, will have a fiscal impact of \$25.9 million. Of that amount, \$5 million will be carryovers from the prior law so the net effect will be \$20.9 million. No money was provided in the executive or LFA budgets for the investment credit for the next biennium. There must be some source of revenue to finance this kind of legislation. A credit is a tax expenditure.

MR. BUCKS said the majority of economic experts who have studied the state tax credits for investments do not believe those credits are effective in spurring economic growth. There is no evidence that the state's investment tax credit triggers investments. The Council of State Planning Agencies has done

two studies and those studies say the same - the investment tax credit has no effect on the investment in the state. Why do these studies yield the same results?

1. There is a reversal revenue sharing effect that results from state taxes being deductible from federal taxes. Because state taxes are deductible from federal taxes, any state tax credit reduces the amount of state taxes that you can deduct from the federal taxes which then results in an increase in federal adjusted gross income. If the taxpayer is in a taxable bracket, a portion of that credit is taxed away by the federal government.
2. A good share of the investment tax credit does not go to the basic primary sectors of economy that produces new economic growth in the state. To produce new growth you need new export earnings or a reduction in imports.
3. The state and local taxes are not big enough factors in investments. The primary effect of investment tax credits is a reduction in dollars collected by the state.

REPRESENTATIVE FABREGA, in closing, said you have heard Mr. Lopach's presentation and figures and you have heard the Department of Revenue's presentation and figures. There is a third position of "fiddler on the roof". Changing tax policies on a constant basis is not a good thing to do. This will be a tough position, but tradition does have some value and he said he hoped this committee will consider that.

REPRESENTATIVE NORDTVEDT said if credits do not accomplish anything, why is it said a tax credit could be given to people to invest in SBIC. Mr. Bucks said the difference between general investment credits and a very targeted credit is great. If you are going to do tax incentives, narrow them down to a very particular purpose and make them large enough to make a difference.

REPRESENTATIVE NORDTVEDT said a credit is a tax expenditure, as put by Mr. Bucks, so any tax reduction bill would be a tax expenditure. Mr. Bucks any special deduction or credit provision is what is commonly referred to as a tax expenditure.

REPRESENTATIVE NORDTVEDT said the main goal of stimulative effects is to increase export-type economic activity. He said he was told the great bulk of these investment credits are taken by the agricultural sector. Aren't they primarily engaged in the production of basic commodities for the export market? Mr. Bucks said Representative Nordtvedt was correct

about the agricultural sector being oriented to the export markets but what is not correct or accurate is the majority of the credits were not taken by the agricultural sector. Mr. Bucks said he thought about 20-25% of the credits were taken by the agricultural sector. About \$3 million of the \$11 million claimed in investment credits, in 1982, was by the agricultural sector. He added that those are approximate dollars.

REPRESENTATIVE DEVLIN said if this credit is not renewed, it will dip to 0%? Mr. Bucks said he did not know that for sure. There are two interpretations. One is that the credit will go to 20% and one is that the credit will go to 0%. Mr. Bucks said he thinks the 20% will probably hold up in court but the present law is not clear, without taking legal action.

REPRESENTATIVE JACOBSEN asked if this credit was considered in the LFA and executive budget estimates. Mr. Bucks said the revenue estimates did not take into account any investment credits. The cost of the investment credit is not worked into either budget.

REPRESENTATIVE JACOBSEN asked if the sponsor of the bill had any idea of where we will get the money to fund this credit. Representative Fabrega said the whole appropriation process is taking into account priorities and then going from there. Mr. Lopach said anyone in his business would answer that question by saying they expect a revenue increase will come before a revenue loss.

REPRESENTATIVE JACOBSEN asked what area that revenue increase will come from. Mr. Lopach said on income taxes from both the company and the employees. Representative Jacobsen asked if that revenue will be enough to take care of the \$20.9 million loss. Mr. Lopach said not entirely because some of the money will be used to rejuvenate old businesses. Mr. Bucks said the results of all independent economic studies available are that investment credit does not result in changing investment decisions that are made. Investment would occur even in the absence of a credit.

REPRESENTATIVE NORDTVEDT asked if this investment credit applies to individuals. Representative Fabrega said it would.

MR. BUCKS told the committee the fiscal note is not relevant to the bill in its amended form. Representative Ream asked for a revised fiscal note and Mr. Bucks said he would provide one.

REPRESENTATIVE DEVLIN asked how the executive and LFA could not have included this credit in their budgets if they do not know if the 20% credit will be continued or not. Mr. Bucks said they

believe the investment tax credit has expired but suggested Representative Devlin talk with those agencies.

The hearing was closed on SB 252.

#### SENATE BILL 241

SENATOR GARY LEE, District 17, sponsor of the bill, said SB 241 provides for a credit of 1% of the total new wages paid in this state by a new or expanding industry. He said the Department of Revenue has some proposed amendments but he said he sees no reason for those amendments. The amendments limit the credit to \$800 and put a sunset date on the act after two years. Representative Lee said there are two contradictions with the tax credit philosophies. It has been said tax credits result in reverse revenue sharing. People that subscribe to that philosophy are classical conservatives. Those same people then say the credits are expenditures to state government. The state cannot expend funds that they do not have in their possession at a certain time.

SENATOR LEE said from all surveys and polls he has seen, public attitude, perception and emotion are the top three decision making reasons for making an investment in a certain area.

REPRESENTATIVE DOZIER was present at the meeting at this time.

#### Proponents

REPRESENTATIVE FABREGA, District 44, said there are significant changes in HB 241 to the law that was passed in 1975:

1. The law is changed from manufacturers to industry.
2. The present law requires creation of 30% expansion over present level.
3. The bill is amended showing a credit of 30% for expansion of five new jobs.

Page 2, line 20, of the bill, says new industry does not include retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions. Representative Fabrega said he thinks by changing from manufacturing to industry, the act is broadened. This is the type of tax credit which addresses the number one problem in Montana today, and that is jobs. This credit should be extended to Subchapter S corporations and individual taxpayers.

REPRESENTATIVE FABREGA said he hopes this committee will concur in SB 241.

ANN SCOTT, an economist with the Economic Growth Council, said studies have shown tax credits do not have an economic growth impact. However, an investment credit lowers the cost of a product and when you lower the cost, more purchases of that product will be made. Senate Bill 241 clarifies and expands the statutes.

JANELLE FALLAN, representing the Montana Chamber of Commerce, asked to be put on record in support of this bill.

JOHN LOPACH, Executive Director of the Economic Growth Council, Great Falls, Montana, said the credits would have a significant increase in the profits of the businesses. He said he would like to see the following changes made in the law:

1. The law as it now exists gives credit to corporations only. He would like to see that changed to include all industry.
2. The present law does not allow for a carry-forward. He said he would like to see that put into the law.
3. The old law said if you are manufacturing a product in Montana, a new plant organized by you to make that same product could not be eligible for this tax credit. He suggested striking that language.

The Department of Revenue has amendments to the bill. The most important consequence is that those amendments would take away the carry-forward. That is a big detriment if you are going to use it as a tax incentive. Many businesses do not use this tax credit in the first three years of operation because they are not profitable during that time. The Department of Revenue also wants to limit the tax credit to \$800 per year, which would represent about 4 to 5 new jobs. If a corporation came in to your town and said they would like to start up a business which would create about 200 new jobs, we would have to say we could only give that company a credit for 4 to 5 of those 200 new jobs.

#### Opponents

DAN BUCKS, Deputy Director of the Department of Revenue, said he is not a proponent to the bill in the current form but would be to the amended form. He offered new amendments to the bill. (See EXHIBIT 3.) Mr. Bucks said there is no data available to estimate the fiscal impact of the proposed legislation. Page one of the offered amendments would limit the credit to \$800 per year. All the amendments on the second page are technical changes to make the bill consistent with other sections of the bill. The last amendment on the second page would make the credit available to this tax year and next tax year, only. This would enable the Department of Revenue to have time to evaluate the credit. The next legislature could then make a decision as to whether they

should continue the tax credit or not.

MR. BUCKS said the rules of the Department of Revenue were adopted after the credit was adopted in its current form. The department has never been approached on changing these rules. They would be glad to work with anyone concerning the status of the department's rules. It is within the legal prerogative of the department to change those rules. The intent of the amendments would be to gather facts necessary to study this credit in the future.

SENATOR LEE, in closing, said the \$800 credit limit precludes any large business from receiving a substantial credit for establishing a great number of new jobs. He said the legislature should be embarrassed with the \$800 limit.

SENATOR LEE said Mr. Bucks' reasoning behind the amendments is to collect data. That is absurd. We are talking about future jobs and inducement - and there is no way to collect data on that. To maintain the consistency of the carry-forward aspect of this bill, Senator Lee asked that the sunset date be deleted. The legislature will be here next session and we can address any problems then.

SENATOR LEE said the bill is in good shape, now since there has been the change from manufacturing to industry. The statement of intent is in good shape. He asked for a favorable consideration of SB 241.

Questions from the committee were heard at this time.

REPRESENTATIVE NORDTVEDT said the sunset language proposed looks similar to that of the investment tax credit of two years ago, which Mr. Bucks said cancels the law. Wouldn't we have a problem in two years from now, again? Mr. Bucks said that may be correct. Those rules may not be consistent with the law and may have to be clarified. Representative Nordtvedt asked if the intent is to abolish this law in two years? Mr. Bucks said that is not the intent.

REPRESENTATIVE FABREGA said if we can help reduce unemployment in Montana by passing this bill, that is what we would like to see. Representative Fabrega said he would like to see that every time the unemployment rate goes below 4%, this bill would go into effect.

REPRESENTATIVE DEVLIN asked how the department arrived at the \$800 limit. Mr. Bucks said the purpose was to provide a limit large enough to reimburse the company for the accounting necessary for claiming this credit so that data could be collected to provide figures and fiscal impacts.

The hearing on SB 241 was closed.

SENATE BILL 342

SENATOR DELWYN GAGE, District 7, said SB 342 is an act to change the date for filing a report for gas or oil pipelines and gas or oil net proceeds for tax purposes from March 31, to April 15.

SENATOR GAGE said SB 412 would set counties' and cities' fiscal years at October 1 of each year. That could take the crunch off the Department of Revenue as far as the filing deadline and the certification of assessed value deadline.

Proponents

DON ALLEN, representing the Montana Petroleum Association, said he has received calls from producers that have received letters from the Department of Revenue saying they would not extend the deadline past March 31. For many small producers, the March 31 deadline would be impossible to meet. The Department of Revenue agreed to split the difference on the date (from April 30 to April 15). The Montana Petroleum Association would prefer the deadline date of April 30.

JEFF MONROE, an accountant and tax consultant, representing small oil companies, said by allowing the April 15th, if not the April 30th, deadline filing date, accountants would have the information filed with the federal income tax, spelling out net income limitations and other reports that need to be filed. With the additional time, they are also able to compile all of the expenses and get those documented so that if there was an audit, they could save the Department of Revenue time and expenses in the auditing procedure by having more accurate figures. He asked for a do pass on SB 342.

Opponents

DAN BUCKS, Deputy Director of the Department of Revenue, said the department has problems with changing the deadline because of their efforts to more carefully comply with the law than what they have done in the past. It is a priority that the department comply with the law and the assessment role books be delivered by the county assessors to the county treasurers by the deadline. The only penalty that exists is a fine the Department of Revenue can levy against the assessor. One argument for not getting the role books out was that the assessors did not get the proceeds information on time. The department is going to try to get the information to the assessors on time, or at least one week in advance so that any questions raised could be answered before the deadline.

MR. BUCKS said the Department of Revenue has a five step process:

1. Office auditing of the returns.



2. Mailing of those returns back to the operator.
3. A twenty day waiting period for the operator to respond back to the department.
4. Preparation of the certification notices by county, company and lease.
5. Mailing of the certification notices.

MR. BUCKS said in a true hardship case, the extension will be granted.

SENATOR GAGE, in closing, said the assessors frequently have questions regarding assessments but so do the oil companies. There are significant fines for the operators who are late in filing the returns. Senator Gage asked for favorable consideration of the bill.

CHAIRMAN YARDLEY asked if the Department of Revenue agrees to the date change to April 15. Mr. Bucks said he would like to double check that. It was his impression that the Department of Revenue prefers the March 31 date.

DON ALLEN said John Clark, Department of Revenue, said the department would accept the April 15 date.

The hearing was closed on SB 342.

#### SENATE BILL 244

SENATOR TOM TOWE, District 34, sponsor of the bill, said there is not much dispute or conflict with this bill. Senate Bill 244 is an act requiring a separate tax on certain lump-sum distribution payments. He said if a retiree receives a monthly pension, this bill would not apply. The federal law says if you receive a lump-sum distribution, there is a new tax method. You will get a ten year income in one day and that would fall into one tax year. The law said you could average that income over ten years. In order to do that, a new code section, in the federal law, was created that provides a special tax on lump-sum distribution. Since it is a new tax, it is not in the definition of adjusted gross income. At the present time, Montana does not tax lump-sum distribution because it outside the definition of adjusted gross income. This bill would allow the taxing of lump-sum distribution. The Senate Taxation Committee said since you have to figure an amount for federal tax purposes, you could take a percentage of that for state tax. The committee suggested that percentage be 10%. That is about half of the amount to pay if the federal system was adopted.

SENATOR TOWE said this bill could raise between \$100,000 and \$150,000 per year in revenue.

Proponents

DAN BUCKS, Deputy Director of the Department of Revenue, said this issue originally came to the department when tax practitioners pointed out the advantage of people who receive lump-sums versus people who receive monthly retirement payments. Senate Bill 244 is an attempt to close that inequity.

There were no opponents testifying on SB 244.

SENATOR closed his presentation on SB 244.

The hearing was closed on SB 244.

SENATE BILL 363

SENATOR JOE MAZUREK, District 16, sponsor of the bill, said SB 363 is a bill that would, hopefully, encourage businesses to donate computer equipment to schools. The bill gives a deduction of the fair market value of the computer up to 30% of the taxpayer's income. Subsection 8 of the bill provides for a charitable contribution deduction that is limited to 5% of the taxpayer's income.

SENATOR MAZUREK said the bill was amended to include secondary schools and postsecondary schools.

SENATOR MAZUREK said there are limits to the donations. The property cannot be exchanged for money, services, etc. The computer equipment has to be donated within five years of the manufacture date of the equipment. The taxpayer has to get a signed statement from the school saying they want the equipment.

SENATOR MAZUREK said because of the growing interest in computers and the tight school budgets, anything we can do to help those schools will be appreciated. Teachers have said they receive benefits from obsolete equipment as well as new equipment.

Proponents

BRAD MORRIS, an elementary school principal in Helena, said this bill deserves the attention of the Montana legislature.

MR. MORRIS said this equipment is expensive but necessary to adequately prepare students for the business world. This would provide schools with the opportunity of securing a business relationship between the schools and businesses and yet would not have a large fiscal impact. He said he encourages this committee's support of SB 363.

LARRY WEINBERG, representing the Montana University System, said he also encourages concurrence of SB 363.

JESS LONG, Executive Secretary for the School Administrators of Montana, said they also support SB 363. He said he does have one problem with the bill. He said on the national level, a bill will be introduced that equipment no older than six months, from the date of manufacture, be donated. He has a problem with donating equipment that is five years old.

DAN DOLAN, representing the State Computer Education Task Force, said they have grown from 600 to over 1800 machines in the schools in Montana. Montana is one of the leading states in the country with respect to using computers in the schools. He urged a do pass.

There were no opponents testifying on SB 363.

Questions were heard from the committee.

SENATOR MAZUREK said he recognizes the problem with obsolete equipment being donated and that is why there is a section in the bill saying the school can reject an offer of equipment.

REPRESENTATIVE NORDTVEDT asked how the fair market value will be determined. Senator Mazurek said that will have to be done on a case by case basis.

REPRESENTATIVE NORDTVEDT asked why this bill is limited to public schools. Senator Mazurek said he was concerned that they would run into a constitutional problem of aid to private schools, but added that was not really a valid reason.

REPRESENTATIVE NORDTVEDT asked if this deduction would be available to individual taxpayers. Senator Mazurek said he could see no reason why it would not be.

REPRESENTATIVE ZABROCKI asked if computerized games will be allowed. Senator Mazurek said, hopefully, the schools will not accept computerized games. Those games may not fit the definition of computers. Mr. Dolan said an arcade game would not be considered a computer.

The hearing was closed on SB 363.

CHAIRMAN YARDLEY called the meeting into Executive Session at this time.

#### Senate Bill 94

REPRESENTATIVE NEUMAN moved to take SB 94 from the table for the purpose of amending the bill. (See EXHIBIT 4.)

CHAIRMAN YARDLEY said he had no previous knowledge of amendments to this bill. He had previously said he was not going to take action of any nature on SB 94 today. Therefore, he opposed any motion to take executive action.

REPRESENTATIVE JACOBSEN said this committee should be able to vote on amendments to SB 94.

REPRESENTATIVE VINGER said this committee has no time to study the amendments to SB 94.

REPRESENTATIVE NEUMAN said there is a possibility that the Committee of the Whole wants to take this bill off the table and we should have a chance to amend the bill before it is sent to the Committee of the Whole.

REPRESENTATIVE WILLIAMS said this committee should not take action on the bill until all the members of the committee are present.

REPRESENTATIVE NEUMAN said the amendments would drop the 55 mills to 45 mills during the first year and the last two years would be eliminated. The amendments also take the permissive levy (for elementary) from 10 and 6 to 3 and 4.

REPRESENTATIVE DOZIER said any amendments to this bill could be made on the floor of the House.

The motion to take SB 94 OFF THE TABLE was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Dozier, Ream and Yardley, who voted no. Representatives Harrington and Underdal were excused at the time of the vote.

REPRESENTATIVE NEUMAN moved the proposed amendments to SB 94.

The motion was voted on and PASSED. A roll call vote was taken and all committee members voted yes except Representatives Dozier, Keenan, Ream, Williams and Yardley, who voted no. Representatives Harrington and Underdal were excused.


REPRESENTATIVE NEUMAN moved SB 94 BE TABLED.


REPRESENTATIVE WILLIAMS made a substitute motion that SB 94 BE CONCURRED IN AS AMENDED.

A roll call vote was taken and the motion FAILED. All committee members voted no except Representatives Bertelsen, Dozier, Harp, Keenan, Nilson, Ream, Williams and Yardley, who voted yes. Representatives Harrington and Underdal were excused.

CHAIRMAN YARDLEY said if there is no objection from the committee the vote will be reversed and would go back to the original motion that SB 94 BE TABLED. There was no objection from the committee.

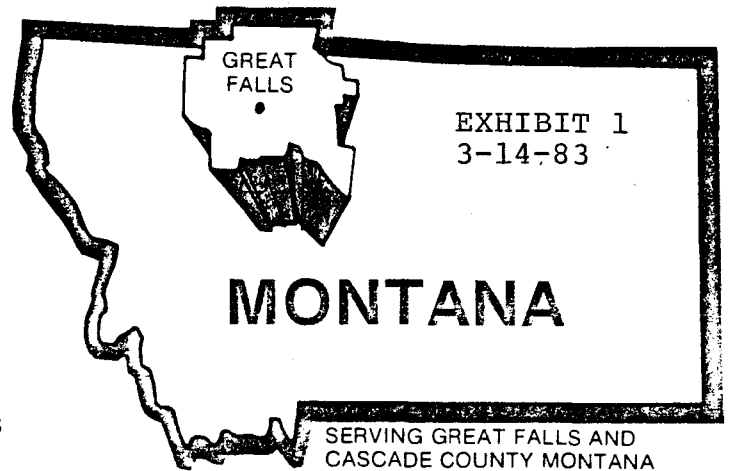
The meeting was adjourned at 11:45 a.m.

  
DAN YARDEY, Chairman

  
Vicki Lofthouse, Secretary

# ECONOMIC GROWTH COUNCIL

P.O. BOX 1273 • GREAT FALLS, MT 59403  
(406) 761-5036



March 14, 1983

To: Taxation Committee  
Montana House of Representatives

Re: SB-252 Investment Tax Credit

The investment tax credit is a critical component of a philosophy designed to stimulate economic development in Montana. Far from being a "subsidy", it is in actuality an incentive for investment in Montana. Lower tax liabilities will improve business profitability, opening new opportunities for employment, and aid in providing the required rate of return to warrant the business investment.

The investment tax credit is not a loss to the state except in that it does reduce corporate and personal tax revenues. But these "losses" are more than offset by increased revenues in other forms. The net result is higher total income for Montanans, Montana businesses, and of course state revenue.

Presented in the attachments are data relative to the investment tax credit computations which show only a modest (less than 2%) credit on the total actual investment. Consider that, except for the carry back/carry forward provisions, the I.T.C. is a one time credit, but the equipment itself continues to produce revenue for the state for a number of years.

Exhibits are presented to show a comprehensive example of how the I.T.C. might be considered in light of investment decisions faced by Montana businesses. One must consider the fiduciary responsibilities of business managers to maximize the value of the business. Projects or investments which do not measure up will be discarded. The I.T.C. can make a difference in these analyses and spell the difference between economic stagnation or growth for Montana.

#### REPRESENTING:

CASCADE COUNTY COMMISSION — CASCADE COUNTY DEVELOPMENT CORPORATION — CASCADE COUNTY TRADES & LABOR ASSEMBLY — GREAT FALLS CITY COMMISSION — GREAT FALLS AREA CHAMBER OF COMMERCE — GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY — ECONOMIC DEVELOPMENT CORPORATION OF GREAT FALLS — OPPORTUNITIES INCORPORATED — AGRICULTURE — FINANCE — NEWS MEDIA — TRANSPORTATION — ENERGY — BUSINESS — EDUCATION — SERVICE ORGANIZATIONS

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Finally, an analysis of the net effect of taxes and credits for the comprehensive example is presented. Given that this analysis does not consider increased taxes generated by the "turnover" of additional incomes or profits and yet shows a substantial benefit to the state, there is little question that the investment tax credit is good for Montana and an important facet of fiscal policy geared to benefit Montanans.

## INVESTMENT TAX CREDIT

### 1. Federal Limitations

100% of Sect. 38 property, if 5 year or greater useful life.  
60% of Sect. 38 property, if 3-4 year useful life.

#### Exhibit 1

Sample computation:

	<u>Qualified Property</u>	<u>Useful<sup>1</sup> Life</u>	<u>Adjusted Cost Basis</u>	<u>Percent</u>	<u>Qualified Investment</u>
1.	Office Equip.	5	\$10,000	100	\$10,000
2.	Factory Machinery	5	30,000	100	30,000
3.	Truck (3/4 T.)	3	18,000	60	10,800
	Total Investment		<u>\$58,000</u>		
	Total Qualified Investment				<u>\$50,800</u>
					X 10%
	Total Investment Tax Credit Allowed				<u>\$ 5,080</u>

### 2. State Limitations

20% ~~30%~~ of the Investment tax credit claimed on Federal return which is applicable to investments made within Montana.

#### Exhibit 2

Sample State computation.<sup>2</sup>

\$5,080 Investment credit taken on Federal returns.

X 20%

\$1,016 Investment tax credits allowed against Montana Corporate Tax.

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<sup>1</sup> Pursuant to Accelerated Cost Recovery System asset classes.

<sup>2</sup> Assumes 100% of the investment is made within the state.



## Investment Tax Credit

### Exhibit 3

Sample state computation:

Using IRS form 3468, identify investments made within Montana.<sup>3</sup>  
Refer to Exhibit 1. Assume that item 1-Office equipment, and item 3-Truck, are applicable to Montana. (Branch office operation)

<u>Qualified Property</u>	<u>Useful Life</u>	<u>Adjusted Cost Basis</u>	<u>Percent</u>	<u>Qualified Investment</u>
1. Office Equip.	5	\$10,000	100	\$10,000
3. Truck	3	18,000	60	10,800
Total Investment (MT)				\$28,000
Portion of Qualified Investment (MT)				\$20,800
				X 10%
Base for computation of Montana I.T.C.				\$ 2,080
				X 20%
Investment tax credit allowed in Montana				<u>\$ 416</u>

### Exhibit 4

Probable effects on Montana Property Tax.<sup>4</sup>

<u>Property</u>	<u>Asset Class</u>	<u>Cost Basis</u>	<u>Assessed Value Percentage</u>	<u>Taxable Value as % of Assessed Value</u>	<u>Taxable Value</u>
Office Equip.	9	\$10,000	.92 <sup>5</sup>	.13	\$1,196
Truck	9	18,000	1.0 <sup>6</sup>	.13	2,340
Factory Mach.	8	30,000	.92 <sup>5</sup>	.11	3,036
					<u>\$6,572</u>
					X (358.45)
Mill levy (Cascade County)					<u>1,000</u>
New property taxes generated					\$2,356
Montana I.T.C. taken on property					(1,016)
Net gain(loss) to State revenue					<u>\$1,340</u>

<sup>3</sup> Perhaps a Montana I.T.C. form could be developed to reduce administrative costs of collection.

<sup>4</sup> New taxes that might be generated from increased business profitability or employment are not considered in this scenario.

<sup>5</sup> Assumes equipment placed in service during 1982 (per Cascade Co. Assessor).

<sup>6</sup> Assumes truck was purchased at a price equal to NADA book value.

## Investment Tax Credit

### Estimate of 1982 I.T.C. Impact

The following data was obtained from conversations with Mr. John Clark and Mr. Dan Bucks of the Montana Department of Revenue. Statistical inferences have been made appropriately.

1. \$10.8 mm I.T.C. taken in 1982, at 30% of Federal I.T.C.
2. 36.0 mm I.T.C. taken on Federal returns, at 10% of Sect. 38 property.
3. 360. mm Total investment in qualified Sect. 38 property.<sup>7</sup>

### Exhibit 5

Impact on State revenue.<sup>8</sup>

\$360 mm Total investment (Book value of Class 8 equipment)

X.92 assessed value percentage

331.2 mm

X .11 Class 8 taxable value as % of assessed value.

36.43 mm

X(358.45)

1,000 Mill levy (Cascade Coutny)

13.06 mm Property Tax Revenue

(10.80)mm I.T.C.taken on investment

\$2.26 mm Net revenue gain

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<sup>7</sup> It is assumed that the actual total investment may be higher, since land and buildings are excluded from qualifying under Sect. 38.

<sup>8</sup> Does not consider possible gains from Class 4 property taxes or gains from personal income taxes due to increased employment, or the gain from increased unemployment taxes and reduced unemployment compensation.

## Investment Tax Credit

The investment tax credits can affect investment decisions made by businesses. To illustrate how a fairly simple, but typical project would be analyzed the exhibit below is presented.

### Exhibit 6

#### Worksheet for Project Analysis

	Amount Before Tax (1)	Amount After Tax (2)	Year Event Occurs (3)	Present Value Factor @ 14% (4)	Present Value (5)
Net out flows at time investment is made $t = 0$					
1. Cost of New Equipment	\$12,000	\$12,000	0	1.0	\$12,000
2. Federal I.T.C.	(1,200)	(1,200)	0	1.0	(1,200)
3. State I.T.C.	( 240)	( 240)	0	1.0	( 240)
4. Total initial outflows (Present value of costs)					<u>10,560</u>
Net inflows over the projects life $t = 1-10$					
5. Decrease in costs	2,750	1,485	1-10	5.2161	7,746
6. Depreciation (new)	1,000	460	1-10	5.2161	2,399
7. Estimated Salvage Value	2,000	2,000	10	.2697	539
8. Present value of inflows					<u>\$10,684</u>

Net Present Value = Present value of inflows—present value of costs

$$\text{NPV} = \$10,684 - \$10,560$$

$$\text{NPV} = \underline{\underline{\$124}}$$

Assumption - Firm will make the investment

If the State I.T.C. is removed,

$$\text{NPV} = \$10,684 - \$10,800$$

$$\text{NPV} = \underline{\underline{(\$166)}}$$

Assumption - Firm will not make the investment.

## Investment Tax Credit

### Exhibit 7

Comprehensive example.

Assume the following facts:

1. New manufacturer (electronics)
2. Purchase existing building and undeveloped lot (\$800,000)
3. Total employment opportunity for 200 persons
4. Average wage \$14,000; (3 dependents per employee)
5. Additional investment to:

a. refurbish building	\$100,000
b. purchase office equipment	100,000
c. purchase machinery and equipment	595,000
d. pave lot	5,000
Total additional investment	<u>\$800,000</u>
Purchase land and building	<u>800,000</u>
Total investment (MT)	<u><u>\$1,600,000</u></u>

### I.T.C. computation

	<u>Qualified Property</u>	<u>Useful Life</u>	<u>Adjusted Cost Basis</u>	<u>Percent</u>	<u>Qualified Investment</u>
1. Office Equipment		5	\$100,000	100	\$100,000
2. Factory Equipment		5	595,000	100	595,000
			Total Qualified Investment		<u>\$695,000</u>
					X .10
			Federal I.T.C. Allowed		<u>\$ 69,500</u>
					X .20
			Montana I.T.C. Allowed		<u><u>\$ 13,900</u></u>

### Property Tax Computation

<u>Property</u>	<u>Asset Class</u>	<u>Cost Basis</u>	<u>Assessed Value Percentage</u>	<u>Taxable Value as % of Assessed Value</u>	<u>Taxable Value</u>
Building					
Improvements <sup>9</sup>	4	\$100,000	.70	.04275 <sup>10</sup>	\$ 2,993
Office Equip.	9	100,000	.92	.13	11,960
Factory					
Equipment	8	595,000	.92	.11	60,214
Paved Lot	4	5,000	.70	.04275 <sup>10</sup>	150
					<u>\$75,317</u>
					x (358.45)
					<u>1,000</u>
					<u><u>\$26,997</u></u>
New property tax collected					

<sup>9</sup> Assumes increased taxes only on value added by improvements.

<sup>10</sup> Assumes the 50% Abatement of Montana property taxes is taken on Class 4 property.

### Personal Income Tax Computation:

200	New Employees
X \$264	(3 dependents, semi monthly payroll--amount is annual figure)
<u>\$52,800</u>	State income taxes collected

### 1% of Wages Tax Credit Computation

\$14,000	Annual salary average
x 200	Employees
<u>\$2,800,000</u>	Annual Payroll
x .01	
<u>\$ 28,000</u>	1% of Wages Tax Credit

### Unemployment Tax Computation

Assume 3.2% on first \$8,000 of wages paid per employee.

\$ 8,000	Ceiling amount
x 200	Employees
<u>\$1,600,000</u>	Subject to tax
x .032	
<u>\$51,200</u>	Montana Unemployment Taxes paid.

### Montana Corporation License Tax Computation

Assume firm achieves the level of profitability equal to other industry participants (Standard Industrial Classification #3573, Manufactures--Electronic Computing Equipment)

Gross Revenue Estimate	\$9.44 mm
% profit before tax	.058
	<u>\$547,520</u>
Mt. Corporation License Tax Rate	x .0675
Mt. Corp. License Tax Revenue	<u>\$ 36,958</u>

### Net Effect of Taxes and Credits

Montana Corporation License Tax Assessed	\$ 36,958
- I.T.C. taken	(13,900)
Property Taxes Assessed	26,997
Personal Income Tax Assessed	52,800
- 1% of Wages Credit	(28,000)
Unemployment Taxes Assessed	51,200
Net Revenue to Montana	<u>\$126,055</u>

Esther D Ruud

SB 252

EXHIBIT 2  
3-14-83  
March 14, 1983

Montana Cattlemens Association

~~Support~~ *Support*

The Montana Cattlemans Association strongly believes that is is very important to retain the investment credit for small businesses, If we wish to help build Montana. We want investment credit to continue because it encourages purchases on machinery, truck, pickups ectera by the farmers which in turn keeps many pickup, truck and implement dealers and manufacturers, ectera in business. They in turn provide jobs for those they employ, therebyhelping the economy of many towns and cities. Investment credit has stimulated the economy of our state and nation and to eliminate it would be a great mistake. Thank you.

Amendments to Senate Bill No. 241

Page 4 Line 13	Delete: Carry-over (1) Insert: Credit Restriction
Page 4 Line 14	Delete: may not exceed Insert: is limited to
Page 4 Line 15	Following: year Insert: or \$800, whichever is less
Page 4 Line 16 through 21	Delete
Page 7 Line 12	Delete: Carry-over (1) Insert: Credit Restriction
Page 7 Line 13	Delete: may not exceed Insert: is limited to
Page 7 Line 14	Following: year Insert: or \$800, whichever is less
Page 7 Line 15 through 19	Delete

Amendments to Senate Bill No. 241

Page 6, line 7

Strike: "manufacturer"  
Insert: "industry"

Page 6, line 11

Following: "new"  
Strike: "manufacturer"  
Insert: "industry"

Page 6, line 12

Following: "expanding"  
Strike: "manufacturer"  
Insert: "industry"

Page 6, line 15

Strike: "manufacturer"  
Insert: "industry"

Page 6, line 18

Strike: "manufacturer"  
Insert: "industry"

Page 6, line 24

Strike: "manufacturer"  
Insert: "industry"

NEW SECTION. Section 25. Applicability. This act applies to tax years beginning after December 31, 1982 and ending on or before December 31, 1984.



Amendments to SB 94 (third reading copy)

1. Title, line 6.

Strike: "PHASE OUT"

Insert: "REVISE"

2. Title, line 8.

Strike: "OVER A 3-YEAR PERIOD"

3. Page 27, lines 7 and 8.

Following: "MILLS"

Strike: remainder of line 7 through line 8

4. Page 29, lines 13 through 15.

Following: "MILLS"

Strike: remainder of line 13 through "THEREAFTER" on line 15

5. Page 33, lines 23 and 24.

Following: "mills"

Strike: remainder of line 23 through "1984-85" on line 24

6. Page 34, lines 3 and 4.

Following: "6"

Strike: remainder of line 3 through "1984-85" on line 4

7. Page 34, lines 13 and 14.

Following: "mills"

Strike: remainder of line 13 through "1984-85" on line 14

8. Page 34, lines 18 and 19.

Following: "4"

Strike: remainder of line 18 through "1984-85" on line 19

9. Page 38, line 4.

Strike: sections 20 and 21 in their entirety

Insert: "NEW SECTION. Section 21. Effective date. This act is effective July 1, 1984."

*Actual amendments would involve reinserting  
all striken material in other sections  
of the bill (sections 1 through 13, sections 16, 17, and 19)  
these sections deleted references to the "permissive"*

# WITNESS STATEMENT

Name Don Dolan Committee On Taxation  
 Address 600 Mtn View Helena Date 3/14/83  
 Representing Computer Educ. Task Force Support ✓  
 Bill No. Senate Bill # 363 Oppose \_\_\_\_\_  
 Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## Comments:

1. MT. schools need computer equipment to educate our students to be prepared for the information age in which they will work.  
 by 1985 - 80% of all nation's + MT. jobs will involve work
2. on or with computers.

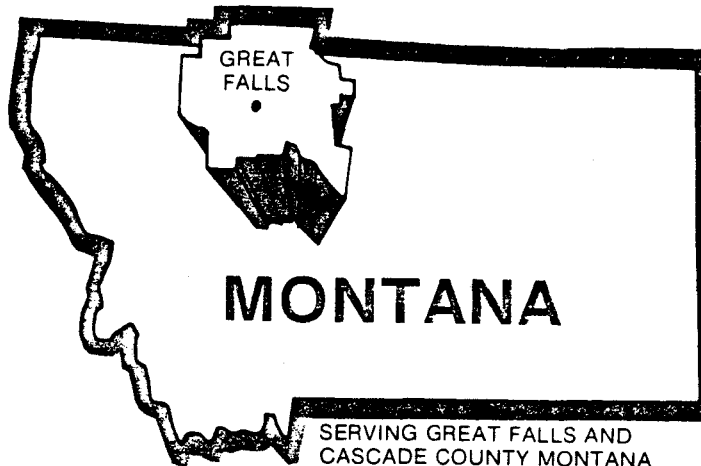
3. MT. schools are in a financial bind due to rising costs and reduced funding. Costs for computers sometimes precludes school purchase - This bill may help provide students with access to this important technology -
- 4.

There is presently only one state that has offered this tax break to assist schools. MT. is one of the leading states in the U.S. in the area of computer education. This legislature can assist the state in maintaining this position + show to the country its interest in fostering technology in education.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

# ECONOMIC GROWTH COUNCIL

P.O. BOX 1273 • GREAT FALLS, MT 59403  
(406) 761-5036



March 14, 1983

To: Taxation Committee  
Montana House of Representatives

Re: SB241 (Amendments to 15-31-124 - 15-31-127)

The proposed amendments are intended to encourage creation of private sector jobs by:

1. Offering to all new and expanding industry an income tax credit formerly restricted to "new corporations manufacturing a product... not previously manufactured in Montana."
2. Offering this credit (1% of wages paid for the first three years) for jobs resulting from both new and expanding industry.
3. Allowing carryforwards for up to ten years (previously carryforwards were not allowed).
4. Directing the Department of Revenue to amend A.R.M. to:
  - a. Remove the requirement that the product produced be one "not then currently produced in this state."
  - b. Liberalize the period of eligibility (formerly 3 years beginning with first planning; now 3 years beginning with the start of production).

The intention of the proposed amendments is to make more readily available a tax incentive for job creation which the Legislature intended to make available years ago.

#### REPRESENTING:

CASCADE COUNTY COMMISSION — CASCADE COUNTY DEVELOPMENT CORPORATION — CASCADE COUNTY TRADES & LABOR ASSEMBLY — GREAT FALLS CITY COMMISSION — GREAT FALLS AREA CHAMBER OF COMMERCE — GREAT FALLS INTERNATIONAL AIRPORT AUTHORITY — ECONOMIC DEVELOPMENT CORPORATION OF GREAT FALLS — OPPORTUNITIES INCORPORATED — AGRICULTURE — FINANCE — NEWS MEDIA — TRANSPORTATION — ENERGY — BUSINESS — EDUCATION — SERVICE ORGANIZATIONS

4972

Department of the Treasury  
Revenue Service**Special 10-Year Averaging Method**  
(For Total Distribution from Qualified Retirement Plan)

▶ Attach to Form 1040 or Form 1041. ▶ See separate instructions.

OMB No. 1545-0193

1982

75

Name(s) as shown on return

Identifying number

By checking this box ☐, I agree, for this and all other lump-sum distributions I receive for the same employee, not to treat any part as capital gain. I know this decision cannot be changed. (See Instruction F.)**Part I Use Part I if You Have Not Filed Form 4972 for Any Year after 1976**

1 Capital gain part from payer's statement (Form 1099R, box 2) . . . . .	1	
If you are using the 10-year averaging method for the capital gain from the distribution as well as for the ordinary income, leave line 1 blank and include the capital gain on line 2 (see instruction F). Otherwise, enter the capital gain from your payer's statement (Form 1099R, box 2). If you are filing Schedule D and cannot take the exclusion on line 4 below or do not have to decrease the capital gain for Federal estate tax, enter the capital gain on your Schedule D also. See the separate instructions for line 1.		
2 Ordinary income part from payer's statement (Form 1099R, box 3). Enter here instead of on Form 1040 or Form 1041 . . . . .	2	
3 Add lines 1 and 2 . . . . .	3	
4 Death benefit exclusion (see instructions for line 4) . . . . .	4	
5 Total taxable amount (subtract line 4 from line 3) . . . . .	5	
6 Current actuarial value of annuity, if applicable (from Form 1099R, box 9) . . . . .	6	
7 Adjusted total taxable amount (add lines 5 and 6). If this amount is \$70,000 or more, skip lines 8 through 11, and enter this amount on line 12 also . . . . .	7	
8 50% of line 7, but not more than \$10,000 . . . . .	8	
9 Subtract \$20,000 from line 7. Enter difference. <span style="border: 1px solid black; padding: 2px;">9</span> . . . . .	9	
10 10% of line 9 . . . . .	10	
11 Minimum distribution allowance (subtract line 10 from line 8) . . . . .	11	
12 Subtract line 11 from line 7 . . . . .	12	
13 Federal estate tax attributable to lump-sum distribution. Do not deduct on Form 1040 or Form 1041 the amount entered on this line that is attributable to the ordinary income entered on line 2. (See instructions for line 13) . . . . .	13	
14 Subtract line 13 from line 12 . . . . .	14	
15 \$2,300 plus 10% of line 14 . . . . .	15	
16 Tax on amount on line 15. Use Tax Rate Schedule X (Single Taxpayer Rate) in Form 1040 Instructions . . . . .	16	
17 Multiply line 16 by 10. If no entry on line 6, skip lines 18 through 23, and enter this amount on line 24 also . . . . .	17	
18 Divide line 6 by line 7 (carry percentage to four places) . . . . .	18	%
19 Multiply line 11 by percentage on line 18 . . . . .	19	
20 Subtract line 19 from line 6 . . . . .	20	
21 \$2,300 plus 10% of line 20 . . . . .	21	
22 Tax on amount on line 21. Use Tax Rate Schedule X (Single Taxpayer Rate) in Form 1040 Instructions . . . . .	22	
23 Multiply line 22 by 10 . . . . .	23	
24 Subtract line 23 from line 17 . . . . .	24	
25 Divide line 2 by line 3 (carry percentage to four places) . . . . .	25	%
26 Tax on ordinary income part of lump-sum distribution (multiply line 24 by percentage on line 25). Show this amount on Form 1040, line 39, or Form 1041, line 26b . . . . .	26	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4972 (1982)

## Part 1

## General Provisions

**15-1-101. Definitions.** (1) When terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, swine, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or housetrailer is an improvement located on land not owned by the owner of such improvement, the improvement is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

(f) The term "mobile home" means forms of housing known as "trailers", "housetrailer", or "trailer coaches", exceeding 8 feet in width or 32 feet in length, designed to be moved from one place to another by an independent power connected to them.

(g) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(h) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(i) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(j) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

(k) The term "taxable value" means the percentage of market or assessed value as provided for in 15-6-131 through 15-6-140.

## VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 252 Date 3-14-83

SPONSOR                      SENATOR GOODOVER

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 241 Date March 14, 1983

SPONSOR            SENATOR LEE

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL SB 342

Date 3-14-83

SPONSOR      SENATOR GAGE

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITORS' REGISTER

## TAXATION

COMMITTEE

BILL SB 244

Date 3-14-83

SPONSOR      SENATOR TOWE

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE                      TAXATION                      COMMITTEE

BILL SB 363

Date 3-14-83

SPONSOR      SENATOR MAZUREK

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE OF MONTANA

212-83

REQUEST NO. ....

FISCAL NOTE

Form BD-15

In compliance with a written request received January 24, , 19 83 , there is hereby submitted a Fiscal Note for Senate Bill 241 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

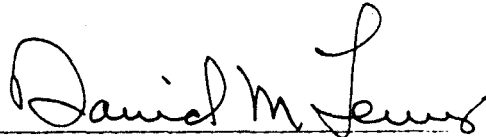
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 241 generally revises the tax credit available for new or expanding manufacturers and provides an applicability date.

FISCAL IMPACT:

There is no data available to estimate the fiscal impact of the proposed legislation. The number of jobs and the payroll added by new or expanding employment cannot be estimated for the biennium. The bill expands the tax credit to individual income tax liabilities, which may have some additional impact on collections.

FISCAL NOTE 8:G/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-83

STATE OF MONTANA

208-83  
REQUEST NO. ....

FISCAL NOTE

Form BD-1

In compliance with a written request received January 24, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 252 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

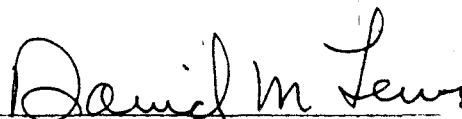
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 252 provides for an investment credit against the corporate license tax and provides an applicability date.

FISCAL IMPACT:

It is not possible to estimate the fiscal impact of this proposal with any precision. However, this bill would substantially expand the number of corporations eligible for the credit, including multinationals with large investments outside Montana and the nation. For example, a review of a number of these returns produced available credits that far exceeded last year's total corporate license receipts. Even if the proposal were to limit the credit to property purchased in Montana, it is felt the receipts would decline by \$15 million to \$20 million.

FISCAL NOTE 8:H/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-83

STATE OF MONTANA

REQUEST NO. 339-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, , 19 83 , there is hereby submitted a Fiscal Note for Senate Bill 363 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

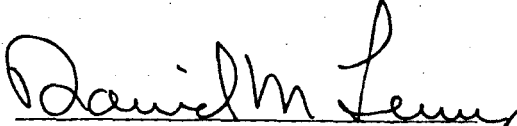
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 363, creates a tax deduction for corporations and shareholders of electing small business corporations making a donation of a computer or similar equipment to an elementary or secondary school; and provides an immediate effective date and an applicability date.

FISCAL IMPACT:

The fiscal impact of cannot be estimated because there is no way of determining how many corporations would donate computer equipment.

FISCAL NOTE 12:P/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-11-83

# STANDING COMMITTEE REPORT

March 22, 19 83

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 244

Third reading copy ( Blue )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A SEPARATE TAX  
ON CERTAIN LUMP-SUM DISTRIBUTION PAYMENTS; AND PROVIDING AN  
IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That SENATE Bill No. 244

~~DO PASS~~ BE CONCURRED IN

# STANDING COMMITTEE REPORT

March 22, 19 83

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **342**

**Third** reading copy ( **Blue** )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE DATE FOR FILING A REPORT FOR GAS OR OIL PIPELINES AND GAS OR OIL NET PROCEEDS FOR TAX PURPOSES FROM MARCH 31 TO APRIL 15; AMENDING SECTIONS 15-23-103, 15-23-104, AND 15-23-602; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That **SENATE** Bill No. **342**

~~DO PASS~~ BE CONCURRED IN

~~DAN YARDLEY,~~ Chairman.

# STANDING COMMITTEE REPORT

March 22, 1983

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **363**

Third reading copy ( Blue )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A TAX DEDUCTION FOR CORPORATIONS AND SHAREHOLDERS OF ELECTING SMALL BUSINESS CORPORATIONS MAKING A DONATION OF A COMPUTER OR SIMILAR EQUIPMENT TO AN ELEMENTARY, SECONDARY, OR ACCREDITED POSTSECONDARY SCHOOL; AMENDING SECTION 15-31-114, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Respectfully report as follows: That **SENATE** Bill No. **363**

be amended as follows:

1. Page 7, lines 3 and 4.  
Following: "an" on line 3  
Strike: line 3 through "PUBLIC" on line 4  
Insert: "an"

2. Page 7, line 25.  
Following: "an"  
Strike: "A PUBLIC"  
Insert: "an"

~~DECEASED~~ AND AS AMENDED  
BE CONCURRED IN