

HOUSE BILL NO. 14

1
 2 INTRODUCED BY LOCKREM, JACK K. MOORE, FABREGA, BABCOCK,
 ASHER, RASMUSSEN, SIVERTSEN, ELLISON, LUND, MARKS, FAGG, BARRETT,
 KVAALEN, 3 CASEY, KROPP, ELLERD, AAGESON, JOHN H. ANDERSON, JR., HAGER,
 WYRICK, 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 ELLIS, 5 84-4908, R.C.M. 1947, TO PROVIDE FOR A STANDARD DEDUCTION OF
 LORY, 6 FIFTEEN PERCENT (15%) IN COMPUTING NET INCOME, AND TO
 GOULD, 7 INCREASE THE MAXIMUM STANDARD DEDUCTION FOR A SINGLE RETURN
 UNDERDAL, 8 TO ONE THOUSAND DOLLARS (\$1000); AND TO TWO THOUSAND DOLLARS
 SMITH, 9 (\$2000) FOR A JOINT RETURN."
 WOOD,
 MERCER,
 GUTHRIE,
 SIEFERT

10

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

12 Section 1. Section 84-4908, R.C.M. 1947, is amended to
 13 read as follows:

14 "84-4908. Alternative deduction allowed in computing
 15 net income. In the case of a resident individual, a standard
 16 deduction equal to ~~ten-per-cent-(10%)~~ fifteen percent (15%)
 17 of adjusted gross income shall be allowed if elected by the
 18 taxpayer on his return. The standard deduction shall be in
 19 lieu of all deductions allowed under section 84-4906, R.C.M.
 20 1947. The maximum standard deduction shall be ~~five-hundred~~
 21 ~~dollars-(500)~~ one thousand dollars (\$1000) except in the
 22 case of a single joint return of husband and wife the
 23 maximum standard deduction shall be ~~one--thousand--dollars~~
 24 ~~(1,000)~~ two thousand dollars (\$2000). The standard
 25 deduction shall not be allowed to either the husband or the

1 wife if the tax of one of the spouses is determined without
 2 regard to the standard deduction. For purposes of this
 3 section, the determination of whether an individual is
 4 married shall be made as of the last day of the taxable
 5 year; provided, however, if one of the spouses dies during
 6 the taxable year, the determination shall be made as of the
 7 date of death."

-End-

INTRODUCED BILL

-2-

H.B. 14

STATE OF MONTANA

REQUEST NO. 14-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 75, there is hereby submitted a Fiscal Note for House Bill 14 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:

An act to increase the standard deduction for income tax purposes to 15% of adjusted gross income, and to increase the maximum standard deduction to \$1,000 for a single return and to \$2,000 for a joint return.

ASSUMPTIONS:

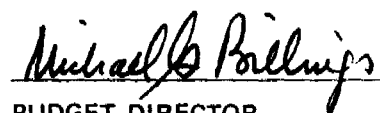
1. The bill will be effective for tax years beginning after December 31, 1974.
2. Based on a sample of 1973 Montana tax returns, tax revenue would decrease approximately 1%.
3. House Bill 14 will not be passed in time to affect FY 75 income tax collections.

FISCAL IMPACT:

	FY 76	FY 77
Estimated individual tax collections under current law	\$104.81 million	\$124.02 million
Estimated collections under proposed law	<u>103.76</u>	<u>122.78</u>
Decrease in collections	<u>\$ 1.05 million</u>	<u>\$ 1.24 million</u>

CONCLUSION:

Enactment of House Bill 14 would result in a revenue loss of approximately \$2.3 million during the biennium. Income tax collections are allocated 64% to the General Fund, 25% to the School Equalization Aid Earmarked Revenue Account, and 11% to the Long-Range Building Program.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: January 10, 1975

Objection Raised to
Adverse Committee Report

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