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House BILL NO. *174*

INTRODUCED BY

LOCKREM, Democrat

1 the state of Montana.

-End-

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A STATE INCOME TAX CREDIT TO DOCTORS AND DENTISTS WHO PRACTICE IN MONTANA CITIES OR TOWNS WITH LESS THAN 10,000 POPULATION."

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

Section 1. Income tax credit allowed medical doctor and doctor of dentistry -- determination. (1) A licensed doctor of medicine or doctor of dentistry, who practices in any city or town of this state, with a population of 10,000 or less, may receive upon application to the department of revenue an income tax credit each year for the first eight (8) years of practice in that city or town. The credit for the tax year is:

(a) fifteen percent (15%) of the state income tax due where the practice is located in a city or town with a population of more than five thousand (5,000) and less than ten thousand (10,000) people, or

(b) twenty-five percent (25%) of the state income tax due where the practice is located in a city or town with a population of five thousand (5,000) or less.

(2) The population of a city or town shall be determined by reference to the latest official census for

INTRODUCED BILL

HB 174

STATE OF MONTANA

REQUEST NO. 68-75

FISCAL NOTE

Form BD-15

In compliance with a written request received Jan. 21, 1975, there is hereby submitted a Fiscal Note for House Bill 174 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:

House Bill 174 provides a state income tax credit to doctors and dentists for the first eight years of practice in Montana towns of less than 10,000 population.

ASSUMPTIONS:

- 1. 51 doctors and 28 dentists currently reside in Montana towns of 5,000-10,000 population. The tax credit for this group is 15% in proposed law.
2. 140 doctors and 95 dentists currently reside in Montana towns of less than 5,000 population. The tax credit for this group is 25% in proposed law.
3. Ten percent of the stated doctor and dentist population have practised in rural communities less than eight years and will be eligible for the tax credit.
4. No estimate is made for predicted increases in doctors or dentists as a result of House Bill 174. Fiscal impact is calculated on basis of currently eligible population.
5. The average Montana adjusted gross income for a doctor is \$30,000, for a dentist 20,000. The average Montana income taxes paid by each are \$1,400 and \$630 respectively.

FISCAL IMPACT:

Table with 3 columns: FISCAL IMPACT, FY76, FY77. Row: Estimated loss in income tax collections under proposed law, \$7,732, \$7,732.

CONCLUSION:

It is expected that the number of doctors and dentists practising in rural communities would increase in response to this bill but no accurate percentage increase prediction can be made. If the number of each doubles, the estimated loss would double. Income tax collections are allocated 64% to the General Fund, 25% to the State Equalization Aid, Earmarked Revenue Fund, and 11% to the Long Range Building Program.

Handwritten signature: Michael B. Pellings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/27/75

Objection Raised to
Adverse Committee Report

1 House BILL NO. 174
2 INTRODUCED BY LOCKREM, Duvall
3

1 the state of Montana.

-End-

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