

1 House BILL NO. 181
2 INTRODUCED BY TEAGUE, VINCENT

3 Requested by Dept. of Revenue
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT STATE
5 AND NATIONAL BANKS SHALL REPORT THE VALUE OF BANK SHARES
6 ACCORDING TO THE ACCOUNTING SYSTEM USED, AND PROHIBITING ANY
7 BANK WHICH UTILIZES A FULL ACCRUAL ACCOUNTING SYSTEM FROM
8 CONVERTING TO A CASH BASIS WHEN REPORTING THE VALUE OF BANK
9 SHARES FOR AD VALOREM TAX PRUPOSES."

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

12 Section 1. Banks to value shares on basis of
13 accounting system actually employed. Every state and
14 national bank completing the statement required by section
15 84-4605 shall prepare the statement according to the
16 accounting system employed by the bank in its day to day
17 operations. Banks utilizing a cash accounting system shall
18 prepare the statement on cash basis. Banks utilizing an
19 accrual system shall report on that basis. No bank
20 employing a full accrual system may convert its books to a
21 cash basis when preparing the required statement.

-End-

HB181

STATE OF MONTANA

REQUEST NO. 69-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 75, there is hereby submitted a Fiscal Note for House Bill 181 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 require that state and national banks shall report the value of bank shares according to the accounting system used, and prohibiting any bank which utilizes a full accrual accounting system from converting to a cash basis when reporting the value of bank shares for property tax purposes.

ASSUMPTIONS:


1. There are only five banks in Montana which would be affected under the proposed law.
2. Taxable valuation of bank shares involved would increase by \$82,666.
3. Six mills will be levied for universities in FY 76 and FY 77. As much as 8 mills may be necessary in support of public school permissive levy in FY 77. An average 219 local mill levy is assessed for local governments.

FISCAL IMPACT:

	FY 76 if 6 mills	FY 77 if 6 mill levy	FY 77 if 14 mill levy
Estimated tax collections from affected banks under current law	\$ 4,230	\$ 4,230	\$11,027
Estimated tax collections from affected banks under proposed law	<u>4,726</u>	<u>4,726</u>	<u>9,870</u>
Estimated increase in tax collections	<u>\$ 496</u>	<u>\$ 496</u>	<u>\$ 1,157</u>

LOCAL IMPACT:

A statewide local government tax collection increase of approximately \$18,000 for each FY 76 and 77 would be expected with enactment of House Bill 181.


 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: January 27, 1975

Approved by Committee
on Taxation

HOUSE BILL NO. 181

INTRODUCED BY TEAGUE, VINCENT

(BY REQUEST OF DEPARTMENT OF REVENUE)

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT STATE AND NATIONAL BANKS SHALL REPORT THE VALUE OF BANK SHARES ACCORDING TO THE ACCOUNTING SYSTEM USED, AND PROHIBITING ANY BANK WHICH ~~UTILIZES A FULL ACCRUAL ACCOUNTING SYSTEM~~ ACCURUES BOTH INCOME AND EXPENSE FROM CONVERTING TO A CASH BASIS WHEN REPORTING THE VALUE OF BANK SHARES FOR AD VALOREM TAX PURPOSES."

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

Section 1. Banks to value shares on basis of accounting system actually employed. Every state and national bank completing the statement required by section 4-4605 shall prepare the statement according to the accounting system employed by the bank in its day to day operations. Banks utilizing a cash accounting system shall prepare the statement on cash basis. Banks utilizing an accrual system shall report on that basis. No bank ~~employing a full accrual system~~ WHICH ACCURUES BOTH INCOME AND EXPENSE may convert its books to a cash basis when preparing the required statement.

-End-

SECOND READING

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3 (BY REQUEST OF DEPARTMENT OF REVENUE)

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A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT STATE AND NATIONAL BANKS SHALL REPORT THE VALUE OF BANK SHARES ACCORDING TO THE ACCOUNTING SYSTEM USED, AND PROHIBITING ANY BANK WHICH ~~UTILIZES-A-FULL-ACCRUAL-ACCOUNTING-SYSTEM~~ ACCRUES BOTH INCOME AND EXPENSE FROM CONVERTING TO A CASH BASIS WHEN REPORTING THE VALUE OF BANK SHARES FOR AD VALOREM TAX PURPOSES."

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

Section 1. Banks to value shares on basis of accounting system actually employed. Every state and national bank completing the statement required by section 84-4605 shall prepare the statement according to the accounting system employed by the bank in its day to day operations. Banks utilizing a cash accounting system shall prepare the statement on cash basis. Banks utilizing an accrual system shall report on that basis. No bank ~~employing--a--full--accrual-system~~ WHICH ACCRUES BOTH INCOME AND EXPENSE may convert its books to a cash basis when preparing the required statement.

-End-

THIRD READING

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