

1 *Knopp* *House* *Andrew Ellis* *Richard Wignick*  
 2 INTRODUCED BY *Andrew Ellis* *Loakrem*  
 3 *Barndt* *Smith* *Heisl* *Wickberg* *Joseph* *Anderson*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE *Ball*  
 5 QUALIFIED ELECTORS OF THE STATE OF MONTANA AN AMENDMENT TO  
 6 ARTICLE VIII, SECTION 9 OF THE MONTANA CONSTITUTION, *Rasmussen*  
 7 RELATING TO A BALANCED BUDGET."  
 8 *Hagan*  
 9 *Kraalen*  
 10 *Acher*

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 Section 1. Article VIII, section 9 of the Montana  
 11 constitution is amended to read as follows:  
 12 "Section 9. Balanced budget. Appropriations by the  
 13 legislature shall not exceed anticipated revenue. When  
 14 revenue received by the state of Montana for a fiscal year  
 15 exceeds general fund appropriations by more than one percent  
 16 (1%) of that amount appropriated for that fiscal year, that  
 17 excess shall be refunded to Montana income taxpayers in the  
 18 form of a tax credit for the following fiscal year.  
 19 The tax credit available shall be the same amount for  
 20 all Montana income taxpayers, provided that those filing  
 21 joint returns shall be allowed double the amount available  
 22 to those filing separate returns.  
 23 The tax credit allowed shall not be greater than the  
 24 tax liability."  
 25 Section 2. When this amendment is submitted to the

1 qualified electors of Montana, there shall be printed on the  
 2 ballot the full title and section 1 of this act and the  
 3 following words:  
 4  For the above amendment.  
 Against the above amendment."

## STATE OF MONTANA

REQUEST NO. 251-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 26, 19 75, there is hereby submitted a Fiscal Note for House Bill 654 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 654 submits to the qualified electors of the State of Montana an amendment to the Montana Constitution relating to the balanced budget; when revenue received by the State of Montana for a fiscal year exceeds general fund appropriations by more than one percent of that appropriated for a fiscal year, the excess shall be refunded to Montana income taxpayers in the form of a tax credit for the following fiscal year.

## ASSUMPTIONS:

1. The proposed legislation will not have a fiscal impact until FY 78 since voter ratification would not take place until November, 1976, and the first fiscal year computation would be at the end of FY 77. The first refund (if any) would be paid in FY 78 to taxpayers filing for CY 77.
2. Approximately 30% of Montana income tax returns are from married couples filing jointly. The proposed legislation allows double credits for such returns.
3. There will be approximately 340,174 returns filed in CY 77. Allowing for double credits for joint returns, there would be approximately 442,226 persons eligible for tax credits in FY 78. Persons not filing returns or owing no tax will not receive a refund.
4. Revenue received by the State of Montana is intended to mean General Fund revenue (see technical note).

## FISCAL IMPACT:

As it is not possible to predict the amount by which General Fund revenue will exceed General Fund appropriations by more than 1% of appropriations in any fiscal year, the following table will serve to illustrate the effect of refunding various levels of General Fund surplus.

General Fund surplus in excess - 1% limitation	Amount of refund to each taxpayer*
\$ 1,000,000	\$2.26
10,000,000	22.61
20,000,000	45.23
30,000,000	67.84
40,000,000	90.45
50,000,000	113.06

\* amount refunded cannot exceed tax liability

House Bill 654, if ratified, would reduce the General Fund balance at the end of each fiscal year to no more than 1% of General Fund appropriations. The major impact on state revenues would be the loss of investment earnings on surplus funds.

## TECHNICAL NOTES:

1. Page 1, line 13 - the words "General Fund" should be inserted after the word "when". Revenues are deposited to and appropriated from nine separate funds.
2. Page 1, line 18 refers to a tax credit for the following fiscal year. Since income taxes are filed on a calendar year basis, calendar year terminology would be more appropriate.

  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 27, 1975