

1 HOUSE BILL NO. 11
2 INTRODUCED BY MOORE, KROPP, WYRICK, BURNETT, MARKS, FEDA, WOOD,
3 SEIFERT, CURTISS, FAGG, SEVERSON, O'KEEFE, TOWER, MEYER, TURNER,
4 BARRETT, RAMIREZ, PORTER, VINGER, AAGESON, NATHE, LUND, McLANE,
5 ERNST, STOBIE, COX, ELLERD, ELLIS, LORY, KEYSER, KVAALEN, FABREGA
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE INCOME
7 TAX SURCHARGE, SECTION 84-4902.1, R.C.M. 1947."

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

9 Section 1. Repealer. Section 84-4902.1, R.C.M. 1947,
10 is repealed.

11 Section 2. Effective date. This act is effective for
 all taxable years commencing after December 31, 1976.

-End-

INTRODUCED BILL

FISCAL NOTE

Form BD-15

In compliance with a written request received January 5, 19 77, there is hereby submitted a Fiscal Note for House Bill 11 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

This bill repeals the 10% income tax surtax.

ASSUMPTIONS

1. The Department of Revenue forecast for income tax collections in FY 78 and FY 79 represents 110% of the revenue that would be collected without the surtax. The forecast projects collections of \$123.732M in FY 78 and \$140.093M in FY 79.
2. There will be a large amount of refunds in FY 78 because taxpayers will have too much tax withheld in the last half of FY 77. This will result in an additional 5% loss of revenue in FY 78.
3. Administrative costs will remain unaffected by repeal of the surtax.
4. The tax tables will remain unchanged throughout the biennium.

LONG-RANGE EFFECTS

In future years income tax collections will be reduced by about 9% below the levels which are estimated under the current law.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Income tax collection under current law	\$123.732M	\$140.093M
Income tax collection if income tax surtax repealed under proposed law	<u>\$111.921M</u>	<u>\$127.357M</u>
Decrease in revenue	<u>(\$11.811M)</u>	<u>(\$12.736M)</u>

CONCLUSION

The decline in income tax collections resulting from this bill will be about 9% from the levels that would occur in absence of this bill.

PREPARED BY: Department of Revenue

Richard L. Tracy for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 1-11-78