

1 ^H BILL NO. 168
2 INTRODUCED BY Maure Roberts

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MONTANA
5 RESIDENTS TO DEDUCT PART OF THEIR SALARY AS MEMBERS OF A
6 NATIONAL GUARD UNIT IN COMPUTING NET INCOME; AMENDING
7 SECTION 84-4906, R.C.M. 1947."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. Section 84-4906, R.C.M. 1947, is amended to
11 read as follows:

12 "84-4906. Deductions allowed in computing net income.
13 In computing net income, there shall be allowed as
14 deductions:

15 ~~(a)(1)~~ The items referred to in sections 161 and 211
16 of the Internal Revenue Code of 1954 or as sections 161 and
17 211 shall be labeled or amended, except that state income
18 tax paid shall not be deductible and also subject to the
19 exceptions provided in section 84-4909 relating to items
20 not deductible.

21 ~~(b)(2)~~ Federal income tax paid within the taxable
22 year.

23 ~~(c) \$1,000 of the salary paid in any taxable year to a~~
24 Montana resident for service in a national guard unit
25 located primarily in Montana."

HB 168

STATE OF MONTANA

REQUEST NO. 73-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 14, 19 77, there is hereby submitted a Fiscal Note for House Bill 168 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 allows Montana residents to deduct part of their salary as members of a national guard unit in computing net income.

ASSUMPTIONS

1. The Department of Revenue income tax projections of \$123.732M in FY 78 and \$140.093M in FY 79 were assumed correct.
2. 3000 people were assumed to be the number in the national guard that would qualify.
3. 60% to 70% of the people in assumption 2 would take advantage of the proposed legislation.
4. The tax rate for national guard members was assumed to be 3.5 to 5%.
5. It was assumed that all members taking the deduction would take the full \$1000 deduction.
6. Administrative costs would remain unchanged due to this proposal.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Income tax collections under current law.	\$123.732M	\$140.093M
Income Tax collections due to allowing deduction for \$1000 of national guard pay under proposed law.	<u>\$123.669M-\$123.627M</u>	<u>\$140.030M-\$139.988M</u>
DECREASE IN REVENUE	<u>\$.063M - \$.105M</u>	<u>\$.063M - \$.105M</u>

LONG-RANGE EFFECT

The loss to the state would be a decrease in income tax collections by 0.04% to 0.08% in each of the fiscal years this act is in effect.

TECHNICAL NOTE

The proposed amendment should be made effective for tax years beginning after December 31, 1976 and the act itself should be made effective on passage and approval rather than wait until July 1, 1977 for implementation.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-12-77

Taxation Committee
Objection Raised to
Adverse Committee Report

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INTRODUCED BY H BILL NO. 168
Thane Schultz

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MONTANA RESIDENTS TO DEDUCT PART OF THEIR SALARY AS MEMBERS OF A NATIONAL GUARD UNIT IN COMPUTING NET INCOME; AMENDING SECTION 84-4906, R.C.M. 1947."

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~~(2)~~ Federal income tax paid within the taxable year.

~~(3) \$1,000 of the salary paid in any taxable year to a Montana resident for service in a national guard unit located primarily in Montana."~~

SECOND READING

Approved by Committee
on Taxation

1 HOUSE BILL NO. 168

1 primarily in Montana."

2 INTRODUCED BY MOORE, JOHNSTON

-End-

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25 ~~FIELD TRAINING service in a national guard unit located~~

SECOND READING
SECOND PRINTING

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