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 2 INTRODUCTION BY *H* *Rep. R. H. Switzer* *Sen. L. J. Conroy*
 3 *League of Women Voters* BILL NO. *539*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO DISTRIBUTE THE
 5 GENERAL FUND SURPLUS TO THE INDIVIDUAL INCOME TAXPAYERS;
 6 PROVIDING FOR A CONTINGENCY OPERATING RESERVE AND AN
 7 IMMEDIATE EFFECTIVE DATE."

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

10 Section 1. Purpose. The purpose of this act is to
 11 dispose of any unanticipated surplus in the general fund by
 12 returning such surplus to individual income taxpayers in
 13 proportion to their income taxes paid.

14 Section 2. Determination and distribution of general
 15 fund surplus. (1) On August 1 of each year the director of
 16 the department of administration shall certify the amount of
 17 unappropriated, unencumbered balance in the state general
 18 fund at the end of the immediately preceding fiscal year.

19 (2) The amount of unappropriated, unencumbered general
 20 fund surplus so certified shall be divided by the total
 21 personal income taxes paid for the preceding calendar year
 22 as certified by the director of the department of revenue.
 23 The fraction obtained shall be multiplied by the income tax
 24 paid by each person filing an income tax return in the
 25 preceding fiscal year on his income of the preceding

1 calendar year. The amount calculated for each person shall
 2 be refunded prior to December 1 of that year.

3 Section 3. Contingency operating reserve. Each regular
 4 session of the legislature shall by joint resolution
 5 estimate the general fund revenue anticipated for the
 6 following biennium. There is an account designated as the
 7 contingency operating reserve, which consists of 3% of the
 8 general fund revenue thus anticipated. Moneys in the
 9 contingency operating reserve are not part of the
 10 unappropriated, unencumbered balance of the general fund and
 11 may be spent only by legislative appropriation.

12 Section 4. Appropriation. There is appropriated to the
 13 contingency operating reserve from the general fund, for the
 14 biennium ending June 30, 1979, an amount equal to 3% of the
 15 estimated general fund revenue for the same biennium.

16 Section 5. Effective date. This act is effective upon
 17 passage and enactment, by approval or otherwise.

-End-

STATE OF MONTANA

REQUEST NO. 278-77

FISCAL NOTE

Form *RD-15*

In compliance with a written request received January 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 539 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 distributes the general fund surplus to the individual income taxpayers; providing for a contingency operating reserve and immediate effective date.

ASSUMPTION:

General fund revenues as used in the bill refers to total receipts into the general fund.

FISCAL IMPACT:

	<u>FY 78</u>
Fund balance 6-30-77	\$47.54M
Less: 3% of estimated biennium receipts	<u>12.41M</u>
To be distributed to taxpayers in FY 78	\$35.13M
Add: administrative costs	<u>.06M</u>
Total	<u>\$35.19M</u>
	<u>FY 79</u>
Fund balance 6-30-78	\$12.41M
Less: 3% of estimated biennium receipts	<u>12.41M</u>
To be distributed to taxpayers in FY 79	<u>\$ 0</u>

NOTE: Enactment of this legislation will require cuts in the Executive Budget recommendations of \$23.22 million in FY 78 and \$11.79 million in FY 79.

TECHNICAL NOTES:

1. The proposed act does not identify the administering agency for the act . . . to whom shall the Directors of the Departments of Revenue and Administration certify their conclusions regarding revenues and the surplus?
2. Because of extensions and amended returns, "total taxes paid for the preceding calendar year" is not measurable as of the close of any fiscal year, according to present administrative practices.

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-3-77

STATE OF MONTANA

REQUEST NO. 278-77

FISCAL NOTE

Revised

Form BD-15

In compliance with a written request received January 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 539 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.

THIS NOTE REVISES FISCAL NOTE REQUEST NO. 278-77.

DESCRIPTION OF PROPOSED LEGISLATION:

This bill distributes the general fund surplus to the individual income taxpayers; providing for a contingency operating reserve and immediate effective date.

FISCAL IMPACT:

The fiscal impact cannot be estimated since amounts to be distributed to individual income taxpayers will depend on the accuracy of revenue estimates, amounts appropriated by the legislature, etc. Assuming that revenue projections per the Executive Budget are correct and that expenditure recommendations per the Executive Budget are adopted, there would be no "unappropriated, unencumbered general fund surplus" available for distribution in the 1979 biennium.

Richard L. Tracy for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-14-77
