

1 *House* BILL NO. *743*
 2 INTRODUCED BY *Ramsey, Holmes, Hand, Manuel, Metcalf,*
 3 *Major, Farris, Jeter, Frazier, Light*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW FEES PAID TO
 5 AN EMPLOYMENT AGENCY AS A DEDUCTION FROM STATE INCOME TAXES;
 6 AMENDING SECTION 84-4906, R.C.M. 1947."

7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 84-4906, R.C.M. 1947, is amended to
 10 read as follows:

11 "84-4906. Deductions allowed in computing net income.
 12 In computing net income, there shall be allowed as
 13 deductions:

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

20 (b) Federal income tax paid within the taxable year.

21 ~~(c) Fees paid, within the taxable year, to an~~
 22 ~~employment agency, as defined in 41-1413."~~

-End-

HB 743

INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 610-77

FISCAL NOTE

Form BD-15

In compliance with a written request received March 3, 19 77, there is hereby submitted a Fiscal Note for House Bill 743 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

This bill allows fees paid to an employment agency as a deduction from state income taxes.

ASSUMPTIONS

- 5000 individual income taxpayers will claim a deduction of \$140 each for fees paid to employment agencies in each year pertaining to individual income tax collections for the biennium.
- The effective tax rate for Montana's total individual income tax is approximately 5.58% for each year affecting individual income tax collections over the biennium.
- No additional administrative costs will be incurred under the proposed law.

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
Individual income tax collections (millions of \$) under current law	\$123.732	\$140.093
Individual income tax collections (millions of \$) under proposed law	<u>123.693</u>	<u>140.054</u>
DECREASE	<u>\$ 0.039</u>	<u>\$ 0.039</u>

LONG-RANGE EFFECTS

- Reduction in individual income tax collections of 0.03% from what they would be without the proposed change.
- Private job placement professionals in the state believe that the tax incentive provided in the proposed law may have a slight effect in reducing unemployment benefits paid out by the state.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Tracy for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-8-77

SECOND READING

MISSING

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-End-

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