

HOUSE BILL 151

IN THE HOUSE

January 13, 1979

Introduced and referred to  
Committee on Taxation.

1 ~~HOUSE~~ BILL NO. 151  
 2 INTRODUCED BY Hardley Eugene Sully  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE  
 5 INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105  
 6 AND 15-30-162, MCA; AND REPEALING SECTION 15-30-104, MCA."

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

9 Section 1. Section 15-30-105, MCA, is amended to read:

10 "15-30-105. Tax on nonresident -- alternative tax  
 11 based on gross sales. (1) A like tax is imposed upon every  
 12 person not resident of this state, which tax shall be  
 13 levied, collected, and paid annually at the rates specified  
 14 in 15-30-103 with respect to his entire net income as herein  
 15 defined from all property owned and from every business,  
 16 trade, profession, or occupation carried on in this state.

17 (2) Pursuant to the provisions of Article III, section  
 18 2, of the Multistate Tax Compact, every nonresident taxpayer  
 19 required to file a return and whose only activity in Montana  
 20 consists of making sales and who does not own or rent real  
 21 estate or tangible personal property within Montana and  
 22 whose annual gross volume of sales made in Montana during  
 23 the taxable year does not exceed \$100,000 may elect to pay  
 24 an income tax of 1/2 of 1% of the dollar volume of gross  
 25 sales made in Montana during the taxable year. Such tax

1 shall be in lieu of the taxes ~~tax~~ imposed under 15-30-103  
 2 and ~~15-30-104~~. The gross volume of sales made in Montana  
 3 during the taxable year shall be determined according to the  
 4 provisions of Article IV, sections 16 and 17, of the  
 5 Multistate Tax Compact."

6 Section 2. Section 15-30-162, MCA, is amended to read:

7 "15-30-162. Investment credit. There is allowed as a  
 8 credit against the taxes ~~tax~~ imposed by 15-30-103 and  
 9 ~~15-30-104~~ a percentage of the investment in certain  
 10 depreciable property equal to one-fifth the percentage of  
 11 investment in such property allowed under section 38 of the  
 12 Internal Revenue Code of 1954, as amended, or as section 38  
 13 may be renumbered or amended."

14 Section 3. Repealer. Section 15-30-104, MCA, is  
 15 repealed.

-End-

INTRODUCED BILL  
 HB 151

## STATE OF MONTANA

REQUEST NO. 55-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 19 79, there is hereby submitted a Fiscal Note for House Bill 151 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 is to repeal the individual income tax surtax.

ASSUMPTIONS

- a) Under the proposed law, all income tax receipts for the 80-81 biennium will reflect the removal of the surtax.
- b) The Department of Revenue forecast of individual income tax collections for the 80-81 biennium is the basis for comparison.

FISCAL IMPACT

	<u>FY80</u>	<u>FY81</u>
Individual Income Tax Collections		
under current law	\$154.268 M	\$169.790 M
under proposed law	140.244 M	154.355 M
Estimated Decrease	<u>(14.024) M</u>	<u>(15.435) M</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	89.756 M	98.787 M
Estimated Decrease	<u>(8.976) M</u>	<u>(9.879) M</u>
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	35.061 M	38.589 M
Estimated Decrease	<u>(3.506) M</u>	<u>(3.858) M</u>
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	15.427 M	16.979 M
Estimated Decrease	<u>(1.542) M</u>	<u>(1.698) M</u>

*Richard L. Drayton*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/25/79

It is noted that revenues to the Public School Equalization Earmarked Revenue Account are used to support the Public School Foundation Program; therefore, any decrease in revenues to that accounting entity either (1) results in a decrease in the Foundation Program schedules, (2) requires additional support from other contributors to the Foundation Program (oil and gas royalties, corporation license tax, individual income tax, State General Fund appropriation, etc.) or (3) requires a state deficiency levy.

Also, for all practicable purposes, revenue decreases to the Long-Range Building Sinking Account are decreases to the General Fund since collections in excess of debt service requirements are transferred to the General Fund.

AFFECT ON LOCAL GOVERNMENTS

No local impact.

LONG-RANGE EFFECTS

Individual income tax receipts would decrease by 9.09% from what they would be if the 10% surtax were allowed to continue in effect.