

HOUSE BILL 221

IN THE HOUSE

January 17, 1979

Introduced and referred to
Committee on Taxation.

March 27, 1979

Committee recommend bill,
do pass.

Second Reading, do pass.

Considered correctly engrossed.

Third reading, passed.

IN THE SENATE

March 27, 1979

Introduced and referred to
Committee on Taxation.

April 20, 1979

Died in Committee.

Handwritten notes on the left margin:
 1 *Kropp*
 2 *INTRODUCED BY*
 3 *Ernst*
 4 *Ernst*
 5 *Ernst*
 6 *Ernst*
 7 *Ernst*
 8 *Ernst*
 9 *Ernst*
 10 *Ernst*

House BILL NO. 221
 INTRODUCED BY *Ernst*
 IVERSON *Sales*
 BURNETT
 IVERSON *Seiser*
 SCHULTZ *Donaldson*
 MATTHE *Wolfe*

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION

15-30-122, MCA, TO PROVIDE FOR A STANDARD DEDUCTION OF 15%
 IN COMPUTING NET INCOME FOR INDIVIDUAL INCOME TAX PURPOSES
 AND TO INCREASE THE MAXIMUM DEDUCTION TO \$1,000 FOR A SINGLE
 RETURN AND \$2,000 FOR A JOINT RETURN."

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

Section 1. Section 15-30-122, MCA, is amended to read:

"15-30-122. Standard deduction. In the case of a resident individual, a standard deduction equal to ~~10%~~ 15% of adjusted gross income shall be allowed if elected by the taxpayer on his return. The standard deduction shall be in lieu of all deductions allowed under 15-30-121. The maximum standard deduction shall be ~~\$500~~ \$1,000, except in the case of a single joint return of husband and wife the maximum standard deduction shall be ~~\$1,000~~ \$2,000. The standard deduction shall not be allowed to either the husband or the wife if the tax of one of the spouses is determined without regard to the standard deduction. For purposes of this section, the determination of whether an individual is married shall be made as of the last day of the taxable year; provided, however, if one of the spouses dies during

1 the taxable year, the determination shall be made as of the
 2 date of death."

-End-

Handwritten signatures on the right margin:
Falkner
Mayer
Wolfe
Ramin
Rota

STATE OF MONTANA

REQUEST NO. 51-79

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 221 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 provides for a standard deduction of 15% in computing net income for individual income tax purposes and to increase the maximum deduction to \$1,000 for a single return and \$2,000 for a joint return.

ASSUMPTIONS

- 1) The Department of Revenue forecast of individual income tax receipts for the 80-81 biennium is assumed to be the basis for comparison.
- 2) The percentage reduction in total tax liability for individual income tax which apparently would have occurred if the proposed law had been in effect throughout calendar year 1977 will apply equally to FY80 and FY81 under the proposed law.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Individual Income Tax Receipts		
under current law	\$154.268 M	\$169.790 M
under proposed law	<u>153.095 M</u>	<u>168.499 M</u>
Estimated Decrease	<u>(\$ 1.173 M)</u>	<u>(\$ 1.291 M)</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>\$ 97.981 M</u>	<u>107.839 M</u>
Estimated Decrease	<u>(\$.751 M)</u>	<u>(\$.827 M)</u>
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	<u>38.274 M</u>	<u>42.125 M</u>
Estimated Decrease	<u>(\$.293 M)</u>	<u>(\$.322 M)</u>
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>16.840 M</u>	<u>18.535 M</u>
Estimated Decrease	<u>(\$.129 M)</u>	<u>(\$.142 M)</u>

*a portion of the amount may revert to the general fund via long-range bond excess if debt service resources are adequate.

BUDGET DIRECTOR *Richard L. Drayton*

Office of Budget and Program Planning

Date: 1/25/79

(CONTINUED ON PAGE 2)

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.

LONG-RANGE EFFECTS

Individual income tax receipts would decrease by 0.76% from what they would be without the proposed change in the standard deduction.

1 *Kropp* *House* *BILL NO. 221* *IVERSON*
 2 *INTRODUCED BY* *MAURICE* *BEYER* *BURNETT* *Sales*
 3 *Wynick* *Edison* *TheFT* *IVERSON* *Seifer* *Meyer*
 4 *Ernst* *SCHULTZ* *Donaldson* *NATHE* *Ward*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION *Walker*
 6 15-30-122, MCA, TO PROVIDE FOR A STANDARD DEDUCTION OF 15% *Meyer*
 7 IN COMPUTING NET INCOME FOR INDIVIDUAL INCOME TAX PURPOSES *Meyer*
 8 AND TO INCREASE THE MAXIMUM DEDUCTION TO \$1,000 FOR A SINGLE *Wynick*
 9 RETURN AND \$2,000 FOR A JOINT RETURN."
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: *IVERSON*
 11 *Ramsey*
 12 *Rota*

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-End-