

HOUSE BILL 376

IN THE HOUSE

January 24, 1979

Introduced and referred to  
Committee on Taxation.

HOUSE BILL NO. 376  
INTRODUCED BY SALES

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE AD VALOREM TAX ON SHARES OF BANK STOCK AND THE MONEYED CAPITAL OF SAVING AND LOAN ASSOCIATION WITH AN AD VALOREM TAX ON NET OPERATING INCOME; REPEALING SECTIONS 15-24-501 THROUGH 15-24-508 AND 15-24-801, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. There is a new MCA section 15-24- , which reads as follows:

"15-24- . Definitions. As used in this act:

"Total operating income" means total revenue from all sources as reported to regulatory authorities, either Federal or state.

"Income from government obligations" means the sum of interest and dividends as reported to regulatory authorities, either Federal or state from the following sources: (a) U. S. Treasury Securities, (b) obligations of other U. S. Government agencies and corporations, (c) obligations of states and political subdivisions thereof.

"Net operating income" means total operating income less income from governmental obligations."

Section 2. There is a new MCA section numbered 15-24- , which reads as follows:

"(1) Every bank or banking corporation or saving and loan association located and doing business in this state shall be subject to an ad valorem tax on net operating income. The cashier or secretary of each organization subject to this act shall furnish to the department of revenue, property assessment division, a statement, verified by oath, of net operating income for the entire year as of the close of business on December 31 of each year. The statement shall be delivered within five days after demand. If the cashier or secretary of any organization shall fail to make the required statement, the department of revenue shall have access to the books of the organization for the purposes of determining net operating income.

(2) The department of revenue shall certify the taxable value of net operating income for each organization subject to this act to the agent of the department of revenue in the county in which the organization is located. The taxable value of net operating income shall be equal to nine percent (9%) of total operating income. The tax shall be collected as other personal property taxes. The tax on net operating income is in addition to any tax assessed on real estate and personal property owned or controlled by each organization.

1           (3) Any organization subject to this act with offices  
2 in more than one county shall furnish the department of  
3 revenue or its agent in each such county the information  
4 required of it by this act together with a statement of  
5 deposit liability shown by the books of account of said  
6 organization and each of its offices at the close of  
7 business as of December 31 of the preceding year. The value  
8 of net operating income for each office shall be calculated  
9 by multiplying the portion each office's deposit liability  
10 bears to the total deposit liability for the organization at  
11 the close of business on December 31 the preceding year by  
12 net operating income for the entire organization. All real  
13 estate and other personal property shall be assessed in the  
14 county in which the office is located."

15           Section 3. Sections 15-24-501 through 15-24-508 and  
16 15-24-801 are repealed.

17           Section 4. This act is effective January 1, 1979.

-End-

STATE OF MONTANA

REQUEST NO. 429-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 28, 19 79, there is hereby submitted a Fiscal Note for House Bill 376 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 proposed bill replaces the ad valorem tax on shares of bank stock and the moneyed capital of saving and loan associations with an ad valorem tax on net operating income.

FISCAL IMPACT

No fiscal impact.

EFFECT ON LOCAL GOVERNMENT

This proposal should result in a slight increase in revenues at the local government level.

TECHNICAL NOTE

Page 2, Section 2, paragraph (2), line 21 should be changed to nine percent (9%) of total net operating income. This change is necessary because it is the taxable value of net operating income, not total operating income.

(Prepared by the Department of Revenue)

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Office of Budget and Program Planning

Date: 3/5/79