

HOUSE BILL NO. 407

INTRODUCED BY H. ROBBINS, FABREGA

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE HOUSE

January 25, 1979	Introduced and referred to Committee on Taxation.
February 2, 1979	Committee recommend bill do pass. Report adopted.
February 3, 1979	Printed and placed on members' desks.
February 5, 1979	Second reading, do pass.
February 6, 1979	Considered correctly engrossed.
February 7, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

February 8, 1979	Introduced and referred to Committee on Taxation.
March 2, 1979	Committee recommend bill be concurred in. Report adopted.
March 5, 1979	Second reading, concurred in.
March 7, 1979	Third reading, concurred in.

IN THE HOUSE

March 8, 1979	Returned from second house. Concurred in. Sent to enrolling.  Reported correctly enrolled.
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 2 INTRODUCED BY H. Robbins Feltz  
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE  
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5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
 6 15-30-121, MCA, TO SPECIFICALLY PROVIDE THAT INDIVIDUALS MAY  
 7 DEDUCT POLITICAL CONTRIBUTIONS AS DETERMINED IN ACCORDANCE  
 8 WITH THE INTERNAL REVENUE CODE IN COMPUTING NET INCOME FOR  
 9 INDIVIDUAL INCOME TAX PURPOSES; PROVIDING AN IMMEDIATE  
 10 EFFECTIVE DATE."  
 11

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

13 Section 1. Section 15-30-121, MCA, is amended to read:

14 "15-30-121. Deductions allowed in computing net  
 15 income. In computing net income, there are allowed as  
 16 deductions:

17 (1) the items referred to in sections 161 and 211 of  
 18 the Internal Revenue Code of 1954, or as sections 161 and  
 19 211 shall be labeled or amended, subject to the following  
 20 exceptions which are not deductible:

- 21 (a) items provided for in 15-30-123;
- 22 (b) state income tax paid;
- 23 (2) federal income tax paid within the taxable year;
- 24 (3) child and dependent care expenses determined in  
 25 accordance with the provisions of section 214 of the

1 Internal Revenue Code of 1954 that were in effect for the  
 2 taxable year that began January 1, 1974;

3 (4) that portion of an energy-related investment  
 4 allowed as a deduction under 15-32-103;

5 ~~(5) in the case of an individual, political~~  
 6 ~~contributions determined in accordance with the provisions~~  
 7 ~~of section 218(a) and (b) of the Internal Revenue Code that~~  
 8 ~~were in effect for the taxable year ended December 31,~~  
 9 ~~1978."~~

10 Section 2. Effective date and applicability. This act  
 11 is effective on passage and approval and applies to taxable  
 12 years after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 153-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 26, 19 79, there is hereby submitted a Fiscal Note for House Bill 407 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 that individuals may deduct political contributions as determined in accordance with the internal revenue code in computing net income for individual income tax purposes; providing an immediate effective date.

ASSUMPTIONS

At the time the revenue forecast was made, the federal "Revenue Act of 1978" had not yet been adopted; therefore, the forecast of individual income tax receipts did not anticipate the repeal of the political contributions deduction (see Technical Note), and so there would not be any fiscal impact associated with adoption of the proposed law. However, there will be an increase in revenue if the proposed law is not adopted, but we are unable to estimate the magnitude of that increase.

TECHNICAL NOTE

Most of the state-allowed itemized deductions are specified by reference to the Internal Revenue Code. Certain political contributions were allowed as deductions until the "Revenue Act of 1978" repealed this deduction for tax years after 1978. It is believed that many Montana taxpayers have claimed this deduction in recent years, although there are no data readily available as to the extent to which this might be true.

PREPARED BY DEPARTMENT OF REVENUE

*Richard L. Franzen*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/1/79

Approved by Committee  
on Taxation

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Internal Revenue Code of 1954 that were in effect for the taxable year that began January 1, 1974;

(4) that portion of an energy-related investment allowed as a deduction under 15-32-103;

~~(5) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code that were in effect for the taxable year ended December 31, 1978."~~

Section 2. Effective date and applicability. This act is effective on passage and approval and applies to taxable years after December 31, 1978.

-End-

HB 407  
SECOND READING

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