

HOUSE BILL 501

IN THE HOUSE

February 1, 1979

Introduced and referred to
Committee on Taxation.

March 27, 1979

Committee recommend bill,
do not pass.

March 28, 1979

Report adopted.

HOUSE BILL NO. 501

INTRODUCED BY *Dassinger, Two League, Kelly, Bingham, Day, Signilla, Williams, Johnson, Manning, Reed, Berg, Dyer, Shultz, Spence, Kelly*

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE INDIVIDUAL INCOME TAX LIABILITIES BY REPEALING THE SURTAX AND REVISING TAX BRACKETS AND TAX RATES; AMENDING SECTIONS 15-30-103, 15-30-105, AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 15-30-103, MCA, is amended to read:

"15-30-103. Rate of tax. There shall be levied, collected, and paid for each taxable year commencing on or after December 31, 1968, upon the taxable income of every taxpayer subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the following rates:

- (1) on the first \$1,000 of taxable income or any part thereof, 2%;
- (2) on the next \$1,000 of taxable income or any part thereof, 3%;
- (3) on the next \$2,000 ~~\$1,000~~ of taxable income or any part thereof, 4%;
- (4) on the next \$2,000 ~~\$1,000~~ of taxable income or any part thereof, 5% ~~4.5%~~;

- (5) on the next ~~\$2,000~~ ~~\$1,000~~ of taxable income or any part thereof, 6% ~~5%~~;
- (6) on the next \$2,000 ~~\$1,000~~ of taxable income or any part thereof, 7% ~~5.5%~~;
- (7) on the next \$4,000 ~~\$1,000~~ of taxable income or any part thereof, 8% ~~6%~~;
- (8) on the next \$6,000 ~~\$1,000~~ of taxable income or any part thereof, 9% ~~6.5%~~;
- (9) on the next \$15,000 ~~\$2,000~~ of taxable income or any part thereof, 10% ~~7%~~;
- ~~(10) on the next \$2,000 of taxable income or any part thereof, 8%;~~
- ~~(11) on the next \$2,000 of taxable income or any part thereof, 9%;~~
- ~~(12) on the next \$2,000 of taxable income or any part thereof, 10%;~~
- ~~(13) on the next \$2,000 of taxable income or any part thereof, 11%;~~
- ~~(14) on the next \$2,000 of taxable income or any part thereof, 12%;~~
- ~~(15) on the next \$4,000 of taxable income or any part thereof, 13%;~~
- ~~(16) on the next \$4,000 of taxable income or any part thereof, 14%;~~
- ~~(17) on the next \$4,000 of taxable income or any part thereof, 15%;~~

1 ~~thereof, 15%;~~
 2 ~~(18) on the next \$4,000 of taxable income or any part~~
 3 ~~thereof, 16%;~~
 4 ~~(19) on the next \$4,000 of taxable income or any part~~
 5 ~~thereof, 17%;~~
 6 ~~(10) \$201 on any taxable income in excess of \$35,000~~
 7 ~~\$10,000 or any part thereof, 1 1/2 18%."~~
 8 Section 2. Section 15-30-105, MCA, is amended to read:
 9 "15-30-105. Tax on nonresident — alternative tax
 10 based on gross sales. (1) A like tax is imposed upon every
 11 person not resident of this state, which tax shall be
 12 levied, collected, and paid annually at the rates specified
 13 in 15-30-103 with respect to his entire net income as herein
 14 defined from all property owned and from every business,
 15 trade, profession, or occupation carried on in this state.
 16 (2) Pursuant to the provisions of Article III, section
 17 2, of the Multistate Tax Compact, every nonresident taxpayer
 18 required to file a return and whose only activity in Montana
 19 consists of making sales and who does not own or rent real
 20 estate or tangible personal property within Montana and
 21 whose annual gross volume of sales made in Montana during
 22 the taxable year does not exceed \$100,000 may elect to pay
 23 an income tax of 1/2 of 1% of the dollar volume of gross
 24 sales made in Montana during the taxable year. Such tax
 25 shall be in lieu of the taxes ~~tax~~ imposed under 15-30-103

1 ~~end-15-30-104.~~ The gross volume of sales made in Montana
 2 during the taxable year shall be determined according to the
 3 provisions of Article IV, sections 16 and 17, of the
 4 Multistate Tax Compact."
 5 Section 3. Section 15-30-162, MCA, is amended to read:
 6 "15-30-162. Investment credit. There is allowed as a
 7 credit against the taxes ~~tax~~ imposed by 15-30-103 and
 8 ~~15-30-104~~ a percentage of the investment in certain
 9 depreciable property equal to one-fifth the percentage of
 10 investment in such property allowed under section 38 of the
 11 Internal Revenue Code of 1954, as amended, or as section 38
 12 may be renumbered or amended."
 13 Section 4. Repealer. Section 15-30-104, MCA, is
 14 repealed.
 15 Section 5. Effective date. This act is effective on
 16 passage and approval and applies to taxable years beginning
 17 after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 209-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 79, there is hereby submitted a Fiscal Note for House Bill 501 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 changes individual income tax liabilities by repealing the surtax and revising tax brackets and tax rates; and provides an effective date.

ASSUMPTIONS

- a) The percentage increase 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 this proposed law.
- b) The Department of Revenue forecast of individual income tax receipts 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	<u>155.120 M</u>	<u>170.729 M</u>
Estimated Increase	<u>\$ 0.852 M</u>	<u>\$ 0.939 M</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>99.277 M</u>	<u>109.267 M</u>
Estimated Increase	<u>\$ 0.545 M</u>	<u>\$ 0.601 M</u>
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	<u>38.780 M</u>	<u>42.682 M</u>
Estimated Increase	<u>\$ 0.213 M</u>	<u>\$ 0.235 M</u>

(Continued on page 2)

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/8/79

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Page 2

	<u>FY80</u>	<u>FY81</u>
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>17.063 M</u>	<u>18.780 M</u>
Estimated Increase	<u>\$ 0.094 M</u>	<u>\$ 0.103 M</u>

*A portion of this account may be transferred to the general fund as long-range excess.

LONG-RANGE EFFECTS

Individual income tax receipts will increase by 0.55% from the levels which would be received if the present law was allowed to continue.

(Prepared by the Department of Revenue)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____