



STATEMENT OF INTENT RE: HOUSE BILL NO. 925

A statement of intent is required for this bill because it grants rulemaking authority to the Department of Revenue.

Section 4 of the bill provides that the department shall establish a cut-off date for submission of applications for property tax relief.

This authority is granted because it is impossible at this time to determine the date that the various county treasurers will be able to mail assessment notices to property owners.

The department will be able to determine when the notices will be mailed, and is therefore in a position to establish a reasonable cut-off date for applications.

The legislature intends the department to pick a date that allows a reasonable period for application after the property assessment notices are mailed.

1 *House* BILL NO. *925*  
 2 INTRODUCED BY *Leadership of the House and Senate*  
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ENACT THE MONTANA  
 5 PROPERTY AND INCOME TAX RELIEF ACT; PROVIDING FOR A DIRECT  
 6 PROPERTY TAX RELIEF PAYMENT TO A PERSON SUBJECT TO PROPERTY  
 7 TAX ON HIS PRINCIPAL RESIDENCE FOR THE CALENDAR YEARS 1979  
 8 AND 1980; INCREASING THE INDIVIDUAL INCOME TAX DEDUCTION FOR  
 9 EXEMPTIONS, THE STANDARD DEDUCTION, AND THE MINIMUM FILING  
 10 REQUIREMENT; PROVIDING A MECHANISM FOR INCREASING THE  
 11 EXEMPTION DEDUCTION FOR TAXABLE YEARS BEGINNING AFTER  
 12 DECEMBER 31, 1978, AND BEFORE JANUARY 1, 1981; AMENDING  
 13 SECTIONS 15-30-112, 15-30-114, 15-30-122, AND 15-30-142,  
 14 MCA."

15  
 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 NEW SECTION. Section 1. Short title. [This act] may  
 18 be cited as the "Montana Property and Income Tax Relief  
 19 Act".

20 NEW SECTION. Section 2. Definitions. As used in  
 21 [sections 2 through 6], the following definitions apply:

- 22 (1) "Applicant" means a person applying for property
- 23 tax relief on his principal residence.
- 24 (2) "Department" means the department of revenue.
- 25 (3) "Principal residence" means a dwelling, including

1 a mobile home as defined in 15-24-201, and appurtenant land  
 2 occupied by an applicant for at least 10 months during the  
 3 year immediately preceding the date of application.

4 (4) "Property tax" means any tax levied against the  
 5 value of property except special assessments.

6 NEW SECTION. Section 3. Property tax relief on  
 7 principal residence. A person to whom property taxes are  
 8 assessed on his principal residence for the calendar years  
 9 1979 and 1980 is entitled to a direct payment from the  
 10 department in the amount provided for in [section 5] as  
 11 property tax relief.

12 NEW SECTION. Section 4. Application for property tax  
 13 relief. (1) A person may apply for property tax relief on  
 14 his principal residence each year.

15 (2) Each application must be made on forms prescribed  
 16 by the department. Each form must require the applicant to  
 17 include:

- 18 (a) his name, address, and social security number;
- 19 (b) the address of his principal residence;
- 20 (c) the length of time he has resided at that address;
- 21 (d) the amount of property tax due on the residence
- 22 for the current year; and
- 23 (e) any other information required by the department.
- 24 (3) Each application must also contain the
- 25 certification of the county assessor of the county in which

1 the applicant's principal residence is located certifying  
2 that the applicant is the person to whom the property tax on  
3 the residence is assessed.

4 (4) The department shall establish by rule a final  
5 date for submission of applications for property tax relief.  
6 The rule must assure a reasonable opportunity for eligible  
7 persons to apply.

8 NEW SECTION. Section 5. Amount of property tax relief  
9 allowed for a principal residence. (1) Except as provided in  
10 subsection (2), each applicant eligible for relief under  
11 [section 3] is entitled to receive the lesser of:

12 (a) the amount of property tax due on his principal  
13 residence for the current year; or

14 (b) \$65.

15 (2) If the amount appropriated for a fiscal year is  
16 insufficient to provide relief for all eligible applicants  
17 in the amounts specified in subsection (1), the department  
18 shall determine the amount of relief each eligible applicant  
19 is entitled to receive based upon the funds appropriated and  
20 the number of eligible applicants.

21 NEW SECTION. Section 6. Duties of the department. (1)  
22 The department shall:

23 (a) determine the eligibility of each applicant; and

24 (b) compute the amount of relief to which the  
25 applicant is entitled.

1 (2) After December 1 of each year, the department  
2 shall cause a warrant to be issued to each eligible  
3 applicant for the amount of relief to which he is entitled.

4 NEW SECTION. Section 7. Appropriation. There is  
5 appropriated \$10 million in fiscal year 1980 and \$10 million  
6 in fiscal year 1981 to the department of revenue from the  
7 general fund for property tax relief payments and  
8 administrative costs associated with the property tax relief  
9 program.

10 Section 8. Section 15-30-112, MCA, is amended to read:

11 "15-30-112. Exemptions. (1) ~~In Except as provided in~~  
12 ~~subsection (7),~~ in the case of an individual, the exemptions  
13 provided by ~~this section subsections (2) through (6)~~ shall  
14 be allowed as deductions in computing taxable income.

15 (2) (a) An exemption of \$650 ~~\$800~~ shall be allowed for  
16 taxable years beginning after December 31, ~~1973~~ 1978, for  
17 the taxpayer.

18 (b) An additional exemption of \$650 ~~\$800~~ shall be  
19 allowed for taxable years beginning after December 31, ~~1973~~  
20 1978, for the spouse of the taxpayer if a separate return is  
21 made by the taxpayer and if the spouse, for the calendar  
22 year in which the taxable year of the taxpayer begins, has  
23 no gross income and is not the dependent of another  
24 taxpayer.

25 (3) (a) An additional exemption of \$650 ~~\$800~~ shall be

1 allowed for taxable years beginning after December 31, ~~1973~~  
2 ~~1978~~, for the taxpayer if he has attained the age of 65  
3 before the close of his taxable year.

4 (b) An additional exemption of ~~\$650~~ \$800 shall be  
5 allowed for taxable years beginning after December 31, ~~1973~~  
6 ~~1978~~, for the spouse of the taxpayer if a separate return is  
7 made by the taxpayer and if the spouse has attained the age  
8 of 65 before the close of such taxable year and, for the  
9 calendar year in which the taxable year of the taxpayer  
10 begins, has no gross income and is not the dependent of  
11 another taxpayer.

12 (4) (a) An additional exemption of ~~\$650~~ \$800 shall be  
13 allowed for taxable years beginning after December 31, ~~1973~~  
14 ~~1978~~, for the taxpayer if he is blind at the close of his  
15 taxable year.

16 (b) An additional exemption of ~~\$650~~ \$800 shall be  
17 allowed for taxable years beginning after December 31, ~~1973~~  
18 ~~1978~~, for the spouse of the taxpayer if a separate return is  
19 made by the taxpayer and if the spouse is blind and, for the  
20 calendar year in which the taxable year of the taxpayer  
21 begins, has no gross income and is not the dependent of  
22 another taxpayer. For the purposes of this subsection  
23 (4)(b), the determination of whether the spouse is blind  
24 shall be made as of the close of the taxable year of the  
25 taxpayer, except that if the spouse dies during such taxable

1 year, such determination shall be made as of the time of  
2 such death.

3 (c) For purposes of this subsection (4), an individual  
4 is blind only if his central visual acuity does not exceed  
5 20/200 in the better eye with correcting lenses or if his  
6 visual acuity is greater than 20/200 but is accompanied by a  
7 limitation in the fields of vision such that the widest  
8 diameter of the visual field subtends an angle no greater  
9 than 20 degrees.

10 (5) (a) An exemption of ~~\$650~~ \$800 shall be allowed for  
11 taxable years beginning after December 31, ~~1973~~ ~~1978~~, for  
12 each dependent:

13 (i) whose gross income for the calendar year in which  
14 the taxable year of the taxpayer begins is less than ~~\$650~~  
15 \$800; or

16 (ii) who is a child of the taxpayer and who:

17 (A) has not attained the age of 19 years at the close  
18 of the calendar year in which the taxable year of the  
19 taxpayer begins; or

20 (B) is a student.

21 (b) No exemption shall be allowed under this  
22 subsection for any dependent who has made a joint return  
23 with his spouse for the taxable year beginning in the  
24 calendar year in which the taxable year of the taxpayer  
25 begins.

1 (c) For purposes of subsection (5)(a)(ii), the term  
2 "child" means an individual who is a son, stepson, daughter,  
3 or stepdaughter of the taxpayer.

4 (d) For purposes of subsection (5)(a)(i)(B), the term  
5 "student" means an individual who, during each of 5 calendar  
6 months during the calendar year in which the taxable year of  
7 the taxpayer begins:

8 (i) is a full-time student at an educational  
9 institution; or

10 (ii) is pursuing a full-time course of institutional  
11 on-farm training under the supervision of an accredited  
12 agent of an educational institution or of a state or  
13 political subdivision of a state. For purposes of this  
14 subsection (5)(d)(ii), the term "educational institution"  
15 means only an educational institution which normally  
16 maintains a regular faculty and curriculum and normally has  
17 a regularly organized body of students in attendance at the  
18 place where its educational activities are carried on.

19 (6) In the case of a nonresident taxpayer, the  
20 exemption deduction shall be prorated according to the ratio  
21 the taxpayer's Montana adjusted gross income bears to his  
22 federal adjusted gross income.

23 (7) For taxable years beginning after December 31,  
24 1978, and before January 1, 1981, the amount allowed as a  
25 deduction in subsections (2) through (6) shall be adjusted

1 as provided under [section 9]."

2 NEW SECTION. Section 9. Deductions for exemptions in  
3 1979 and 1980. (1) The exemption amounts allowed in  
4 15-30-112 are increased for taxable years beginning after  
5 December 31, 1978, and before January 1, 1980, by \$50 for  
6 each \$2.5 million by which the general fund balance, as  
7 certified by the director of the department of  
8 administration to the director of the department of revenue,  
9 exceeds \$14 million as of June 30, 1979.

10 (2) The exemption amounts allowed in 15-30-112 are  
11 increased for taxable years beginning after December 31,  
12 1979, and before January 1, 1981, by \$50 for each \$2.8  
13 million by which the general fund balance, as certified by  
14 the director of the department of administration to the  
15 director of the department of revenue, exceeds \$13 million  
16 as of June 30, 1980.

17 Section 10. Section 15-30-114, MCA, is amended to  
18 read:

19 "15-30-114. Additional exemption for dependent child  
20 with handicap. (1) In lieu of the exemption in 15-30-112(5),  
21 an exemption for twice the amount allowed for dependents  
22 shall be allowed for taxable years beginning after December  
23 31, 1976, for each dependent child with a handicap.

24 (2) In order to be eligible for the exemption, a  
25 dependent child with a handicap must, for the taxable year

1 of the taxpayer, have as his principal place of abode the  
 2 home of the taxpayer and have a permanent handicap of great  
 3 enough severity that it constitutes not less than 50%  
 4 disability to the body as a whole. An exemption may be  
 5 allowed for a dependent with a permanent handicap after he  
 6 reaches the age of majority if he continues to be a  
 7 dependent.

8 (3) For taxable years beginning after December 31,  
 9 1978, and before January 1, 1981, the additional exemption  
 10 for a dependent child with a handicap is twice the amount  
 11 allowed for dependents as adjusted under [section 9]."

12 Section 11. Section 15-30-122, MCA, is amended to  
 13 read:

14 "15-30-122. Standard deduction. In the case of a  
 15 resident individual, a standard deduction equal to ~~10%~~ 15%  
 16 of adjusted gross income shall be allowed if elected by the  
 17 taxpayer on his return. The standard deduction shall be in  
 18 lieu of all deductions allowed under 15-30-121. The maximum  
 19 standard deduction shall be ~~\$500~~ \$1,000, except in the case  
 20 of a single joint return of husband and wife the maximum  
 21 standard deduction shall be ~~\$1,000~~ \$2,000. The standard  
 22 deduction shall not be allowed to either the husband or the  
 23 wife if the tax of one of the spouses is determined without  
 24 regard to the standard deduction. For purposes of this  
 25 section, the determination of whether an individual is

1 married shall be made as of the last day of the taxable  
 2 year; provided, however, if one of the spouses dies during  
 3 the taxable year, the determination shall be made as of the  
 4 date of death."

5 Section 12. Section 15-30-142, MCA, is amended to  
 6 read:

7 "15-30-142. Returns and payment of tax -- penalty and  
 8 interest -- refunds -- credits. (1) Every single individual  
 9 and every married individual not filing a joint return with  
 10 his or her spouse and having a gross income for the taxable  
 11 year of more than ~~\$720~~ \$940 and married individuals not  
 12 filing separate returns and having a combined gross income  
 13 for the taxable year of more than ~~\$1,445~~ \$1,880 shall be  
 14 liable for a return to be filed on such forms and according  
 15 to such rules as the department may prescribe. The gross  
 16 income amounts referred to in the preceding sentence shall  
 17 be increased by ~~\$650~~ \$800 for each additional personal  
 18 exemption allowance the taxpayer is entitled to claim for  
 19 himself and his spouse under 15-30-112(3) and (4). A  
 20 nonresident shall be required to file a return if his gross  
 21 income for the taxable year derived from sources within  
 22 Montana exceeds the amount of the exemption deduction he is  
 23 entitled to claim for himself and his spouse under the  
 24 provisions of 15-30-112(2), (3), and (4), as prorated  
 25 according to 15-30-112(6).

1       (2) In accordance with instructions set forth by the  
2 department, every taxpayer who is married and living with  
3 husband or wife and is required to file a return may, at his  
4 or her option, file a joint return with husband or wife even  
5 though one of the spouses has neither gross income nor  
6 deductions. If a joint return is made, the tax shall be  
7 computed on the aggregate taxable income and the liability  
8 with respect to the tax shall be joint and several. If a  
9 joint return has been filed for a taxable year, the spouses  
10 may not file separate returns after the time for filing the  
11 return of either has expired unless the department so  
12 consents.

13       (3) If any such taxpayer is unable to make his own  
14 return, the return shall be made by a duly authorized agent  
15 or by a guardian or other person charged with the care of  
16 the person or property of such taxpayer.

17       (4) All taxpayers, including but not limited to those  
18 subject to the provisions of 15-30-202 and 15-30-241, shall  
19 compute the amount of income tax payable and shall, at the  
20 time of filing the return required by this chapter, pay to  
21 the department any balance of income tax remaining unpaid  
22 after crediting the amount withheld as provided by 15-30-202  
23 and/or any payment made by reason of an estimated tax return  
24 provided for in 15-30-241; provided, however, the tax so  
25 computed is greater by \$1 than the amount withheld and/or

1 paid by estimated return as provided in this chapter. If the  
2 amount of tax withheld and/or payment of estimated tax  
3 exceeds by more than \$1 the amount of income tax as  
4 computed, the taxpayer shall be entitled to a refund of the  
5 excess.

6       (5) As soon as practicable after the return is filed,  
7 the department shall examine and verify the tax.

8       (6) If the amount of tax as verified is greater than  
9 the amount theretofore paid, the excess shall be paid by the  
10 taxpayer to the department within 30 days after notice of  
11 the amount of the tax as computed, with interest added at  
12 the rate of 9% per annum or fraction thereof on the  
13 additional tax. In such case there shall be no penalty  
14 because of such understatement, provided the deficiency is  
15 paid within 30 days after the first notice of the amount is  
16 mailed to the taxpayer."

17       Section 13. Effective date. This act is effective on  
18 passage and approval.

-End-



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- 20 (c) the length of time he has resided at that address;
- 21 (d) the amount of property tax due on the residence  
22 for the current year; and
- 23 (e) any other information required by the department.
- 24 (3) Each application must also contain the  
25 certification of the county assessor of the county in which

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2 that the applicant is the person to whom the property tax on  
3 the residence is assessed.

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7 persons to apply.

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11 [section 3] is entitled to receive the lesser of:

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14 (b) \$65.

15 (2) If the amount appropriated for a fiscal year is  
16 insufficient to provide relief for all eligible applicants  
17 in the amounts specified in subsection (1), the department  
18 shall determine the amount of relief each eligible applicant  
19 is entitled to receive based upon the funds appropriated and  
20 the number of eligible applicants.

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22 The department shall:

23 (a) determine the eligibility of each applicant; and

24 (b) compute the amount of relief to which the  
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2 shall cause a warrant to be issued to each eligible  
3 applicant for the amount of relief to which he is entitled.

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5 appropriated \$10 million in fiscal year 1980 and \$10 million  
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7 general fund for property tax relief payments and  
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9 program.

10 Section 8. Section 15-30-112, MCA, is amended to read:

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12 ~~subsection (7),~~ in the case of an individual, the exemptions  
13 provided by ~~this section subsections (2) through (6)~~ shall  
14 be allowed as deductions in computing taxable income.

15 (2) (a) An exemption of \$650 ~~\$800~~ shall be allowed for  
16 taxable years beginning after December 31, ~~1973~~ 1978, for  
17 the taxpayer.

18 (b) An additional exemption of \$650 ~~\$800~~ shall be  
19 allowed for taxable years beginning after December 31, ~~1973~~  
20 1978, for the spouse of the taxpayer if a separate return is  
21 made by the taxpayer and if the spouse, for the calendar  
22 year in which the taxable year of the taxpayer begins, has  
23 no gross income and is not the dependent of another  
24 taxpayer.

25 (3) (a) An additional exemption of \$650 ~~\$800~~ shall be

1 allowed for taxable years beginning after December 31, ~~1973~~  
2 ~~1973~~, for the taxpayer if he has attained the age of 65  
3 before the close of his taxable year.

4 (b) An additional exemption of \$650 ~~\$800~~ shall be  
5 allowed for taxable years beginning after December 31, ~~1973~~  
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7 made by the taxpayer and if the spouse has attained the age  
8 of 65 before the close of such taxable year and, for the  
9 calendar year in which the taxable year of the taxpayer  
10 begins, has no gross income and is not the dependent of  
11 another taxpayer.

12 (4) (a) An additional exemption of \$650 ~~\$800~~ shall be  
13 allowed for taxable years beginning after December 31, ~~1973~~  
14 ~~1978~~, for the taxpayer if he is blind at the close of his  
15 taxable year.

16 (b) An additional exemption of \$650 ~~\$800~~ shall be  
17 allowed for taxable years beginning after December 31, ~~1973~~  
18 ~~1978~~, for the spouse of the taxpayer if a separate return is  
19 made by the taxpayer and if the spouse is blind and, for the  
20 calendar year in which the taxable year of the taxpayer  
21 begins, has no gross income and is not the dependent of  
22 another taxpayer. For the purposes of this subsection  
23 (4)(b), the determination of whether the spouse is blind  
24 shall be made as of the close of the taxable year of the  
25 taxpayer, except that if the spouse dies during such taxable

1 year, such determination shall be made as of the time of  
2 such death.

3 (c) For purposes of this subsection (4), an individual  
4 is blind only if his central visual acuity does not exceed  
5 20/200 in the better eye with correcting lenses or if his  
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7 limitation in the fields of vision such that the widest  
8 diameter of the visual field subtends an angle no greater  
9 than 20 degrees.

10 (5) (a) An exemption of \$650 ~~\$800~~ shall be allowed for  
11 taxable years beginning after December 31, ~~1973~~ ~~1978~~, for  
12 each dependent:

13 (i) whose gross income for the calendar year in which  
14 the taxable year of the taxpayer begins is less than \$650  
15 ~~\$800~~; or

16 (ii) who is a child of the taxpayer and who:

17 (A) has not attained the age of 19 years at the close  
18 of the calendar year in which the taxable year of the  
19 taxpayer begins; or

20 (B) is a student.

21 (b) No exemption shall be allowed under this  
22 subsection for any dependent who has made a joint return  
23 with his spouse for the taxable year beginning in the  
24 calendar year in which the taxable year of the taxpayer  
25 begins.

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1 (c) For purposes of subsection (5)(a)(ii), the term  
2 "child" means an individual who is a son, stepson, daughter,  
3 or stepdaughter of the taxpayer.

4 (d) For purposes of subsection (5)(a)(ii)(B), the term  
5 "student" means an individual who, during each of 5 calendar  
6 months during the calendar year in which the taxable year of  
7 the taxpayer begins:

8 (i) is a full-time student at an educational  
9 institution; or

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20 exemption deduction shall be prorated according to the ratio  
21 the taxpayer's Montana adjusted gross income bears to his  
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1 ~~as provided under [section 9]."~~

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4 15-30-112 are increased for taxable years beginning after  
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16 as of June 30, 1980.

17 Section 10. Section 15-30-114, MCA, is amended to  
18 read:

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20 with handicap. (1) In lieu of the exemption in 15-30-112(5),  
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 22 deduction shall not be allowed to either the husband or the  
 23 wife if the tax of one of the spouses is determined without  
 24 regard to the standard deduction. For purposes of this  
 25 section, the determination of whether an individual is

1 married shall be made as of the last day of the taxable  
 2 year; provided, however, if one of the spouses dies during  
 3 the taxable year, the determination shall be made as of the  
 4 date of death."

5 Section 12. Section 15-30-142, MCA, is amended to  
 6 read:

7 "15-30-142. Returns and payment of tax -- penalty and  
 8 interest -- refunds -- credits. (1) Every single individual  
 9 and every married individual not filing a joint return with  
 10 his or her spouse and having a gross income for the taxable  
 11 year of more than ~~\$720~~ \$740 and married individuals not  
 12 filing separate returns and having a combined gross income  
 13 for the taxable year of more than ~~\$1,445~~ \$1,880 shall be  
 14 liable for a return to be filed on such forms and according  
 15 to such rules as the department may prescribe. The gross  
 16 income amounts referred to in the preceding sentence shall  
 17 be increased by ~~\$650~~ \$800 for each additional personal  
 18 exemption allowance the taxpayer is entitled to claim for  
 19 himself and his spouse under 15-30-112(3) and (4). A  
 20 nonresident shall be required to file a return if his gross  
 21 income for the taxable year derived from sources within  
 22 Montana exceeds the amount of the exemption deduction he is  
 23 entitled to claim for himself and his spouse under the  
 24 provisions of 15-30-112(2), (3), and (4), as prorated  
 25 according to 15-30-112(6).

1           (2) In accordance with instructions set forth by the  
2 department, every taxpayer who is married and living with  
3 husband or wife and is required to file a return may, at his  
4 or her option, file a joint return with husband or wife even  
5 though one of the spouses has neither gross income nor  
6 deductions. If a joint return is made, the tax shall be  
7 computed on the aggregate taxable income and the liability  
8 with respect to the tax shall be joint and several. If a  
9 joint return has been filed for a taxable year, the spouses  
10 may not file separate returns after the time for filing the  
11 return of either has expired unless the department so  
12 consents.

13           (3) If any such taxpayer is unable to make his own  
14 return, the return shall be made by a duly authorized agent  
15 or by a guardian or other person charged with the care of  
16 the person or property of such taxpayer.

17           (4) All taxpayers, including but not limited to those  
18 subject to the provisions of 15-30-202 and 15-30-241, shall  
19 compute the amount of income tax payable and shall, at the  
20 time of filing the return required by this chapter, pay to  
21 the department any balance of income tax remaining unpaid  
22 after crediting the amount withheld as provided by 15-30-202  
23 and/or any payment made by reason of an estimated tax return  
24 provided for in 15-30-241; provided, however, the tax so  
25 computed is greater by \$1 than the amount withheld and/or

1 paid by estimated return as provided in this chapter. If the  
2 amount of tax withheld and/or payment of estimated tax  
3 exceeds by more than \$1 the amount of income tax as  
4 computed, the taxpayer shall be entitled to a refund of the  
5 excess.

6           (5) As soon as practicable after the return is filed,  
7 the department shall examine and verify the tax.

8           (6) If the amount of tax as verified is greater than  
9 the amount theretofore paid, the excess shall be paid by the  
10 taxpayer to the department within 30 days after notice of  
11 the amount of the tax as computed, with interest added at  
12 the rate of 9% per annum or fraction thereof on the  
13 additional tax. In such case there shall be no penalty  
14 because of such understatement, provided the deficiency is  
15 paid within 30 days after the first notice of the amount is  
16 mailed to the taxpayer."

17           Section 13. Effective date. This act is effective on  
18 passage and approval.

-End-

1                   STATEMENT OF INTENT RE: HB 925

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A statement of intent is required for this bill because it grants rulemaking authority to the Department of Revenue.

Section 4 of the bill provides that the department shall establish a cut-off date for submission of applications for property tax relief.

This authority is granted because it is impossible at this time to determine the date that the various county treasurers will be able to mail assessment notices to property owners.

The department will be able to determine when the notices will be mailed, and is therefore in a position to establish a reasonable cut-off date for applications.

The legislature intends the department to pick a date that allows a reasonable period for application after the property assessment notices are mailed.

HB 925



## HOUSE BILL NO. 925

INTRODUCED BY LEADERSHIP OF THE HOUSE AND SENATE

A BILL FOR AN ACT ENTITLED: "AN ACT TO ENACT THE MONTANA PROPERTY AND INCOME TAX RELIEF ACT; PROVIDING FOR A DIRECT PROPERTY TAX RELIEF PAYMENT TO A PERSON SUBJECT TO PROPERTY TAX ON HIS PRINCIPAL RESIDENCE FOR THE CALENDAR YEARS 1979 AND 1980; INCREASING THE INDIVIDUAL INCOME TAX DEDUCTION FOR EXEMPTIONS, THE STANDARD DEDUCTION, AND THE MINIMUM FILING REQUIREMENT; PROVIDING A MECHANISM FOR INCREASING THE EXEMPTION DEDUCTION FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1978, AND BEFORE JANUARY 1, 1981; AMENDING SECTIONS 15-30-112, 15-30-114, 15-30-122, AND 15-30-142, MCA."

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

NEW SECTION. Section 1. Short title. [This act] may be cited as the "Montana Property and Income Tax Relief Act".

NEW SECTION. Section 2. Definitions. As used in [sections 2 through 6], the following definitions apply:

- (1) "Applicant" means a person applying for property tax relief on his principal residence.
- (2) "Department" means the department of revenue.
- (3) "Principal residence" means a dwelling, including

a mobile home as defined in 15-24-201, and appurtenant land occupied by an applicant for at least 10 months during the year immediately preceding the date of application.

(4) "Property tax" means any tax levied against the value of property except special assessments.

NEW SECTION. Section 3. Property tax relief on principal residence. A person to whom property taxes are assessed on his principal residence for the calendar years 1979 and 1980 is entitled to a direct payment from the department in the amount provided for in [section 5] as property tax relief.

NEW SECTION. Section 4. Application for property tax relief. (1) A person may apply for property tax relief on his principal residence each year.

(2) Each application must be made on forms prescribed by the department. Each form must require the applicant to include:

- (a) his name, address, and social security number;
  - (b) the address of his principal residence;
  - (c) the length of time he has resided at that address;
  - (d) the amount of property tax due on the residence for the current year; and
  - (e) any other information required by the department.
- (3) Each application must also contain the certification of the county assessor of the county in which

1 the applicant's principal residence is located certifying  
2 that the applicant is the person to whom the property tax on  
3 the residence is assessed.

4 (4) The department shall establish by rule a final  
5 date for submission of applications for property tax relief.  
6 The rule must assure a reasonable opportunity for eligible  
7 persons to apply.

8 **NEW SECTION.** Section 5. Amount of property tax relief  
9 allowed for a principal residence. (1) Except as provided in  
10 subsection (2), each applicant eligible for relief under  
11 [section 3] is entitled to receive the lesser of:

12 (a) the amount of property tax due on his principal  
13 residence for the current year; or

14 (b) \$65.

15 (2) If the amount appropriated for a fiscal year is  
16 insufficient to provide relief for all eligible applicants  
17 in the amounts specified in subsection (1), the department  
18 shall determine the amount of relief each eligible applicant  
19 is entitled to receive based upon the funds appropriated and  
20 the number of eligible applicants.

21 **NEW SECTION.** Section 6. Duties of the department. (1)  
22 The department shall:

23 (a) determine the eligibility of each applicant; and

24 (b) compute the amount of relief to which the  
25 applicant is entitled.

1 (2) After December 1 of each year, the department  
2 shall cause a warrant to be issued to each eligible  
3 applicant for the amount of relief to which he is entitled.

4 **NEW SECTION.** Section 7. Appropriation. There is  
5 appropriated \$10 million in fiscal year 1980 and \$10 million  
6 in fiscal year 1981 to the department of revenue from the  
7 general fund for property tax relief payments and  
8 administrative costs associated with the property tax relief  
9 program.

10 Section 8, Section 15-20-112, MCA, is amended to read:

11 "15-20-112. Exemptions. (1) ~~Except as provided in~~  
12 ~~subsection (7), in the case of an individual, the exemptions~~  
13 ~~provided by this section subsections (2) through (6) shall~~  
14 ~~be allowed as deductions in computing taxable income.~~

15 (2) (a) An exemption of \$650 \$800 shall be allowed for  
16 taxable years beginning after December 31, 1973 1978, for  
17 the taxpayer.

18 (b) An additional exemption of \$650 \$800 shall be  
19 allowed for taxable years beginning after December 31, 1973  
20 1978, for the spouse of the taxpayer if a separate return is  
21 made by the taxpayer and if the spouse, for the calendar  
22 year in which the taxable year of the taxpayer begins, has  
23 no gross income and is not the dependent of another  
24 taxpayer.

25 (3) (a) An additional exemption of \$650 \$800 shall be

1 allowed for taxable years beginning after December 31, ~~1973~~  
2 ~~1978~~, for the taxpayer if he has attained the age of 65  
3 before the close of his taxable year.

4 (b) An additional exemption of ~~\$650~~ \$800 shall be  
5 allowed for taxable years beginning after December 31, ~~1973~~  
6 ~~1978~~, for the spouse of the taxpayer if a separate return is  
7 made by the taxpayer and if the spouse has attained the age  
8 of 65 before the close of such taxable year and, for the  
9 calendar year in which the taxable year of the taxpayer  
10 begins, has no gross income and is not the dependent of  
11 another taxpayer.

12 (4) (a) An additional exemption of ~~\$650~~ \$800 shall be  
13 allowed for taxable years beginning after December 31, ~~1973~~  
14 ~~1978~~, for the taxpayer if he is blind at the close of his  
15 taxable year.

16 (b) An additional exemption of ~~\$650~~ \$800 shall be  
17 allowed for taxable years beginning after December 31, ~~1973~~  
18 ~~1978~~, for the spouse of the taxpayer if a separate return is  
19 made by the taxpayer and if the spouse is blind and, for the  
20 calendar year in which the taxable year of the taxpayer  
21 begins, has no gross income and is not the dependent of  
22 another taxpayer. For the purposes of this subsection  
23 (4)(b), the determination of whether the spouse is blind  
24 shall be made as of the close of the taxable year of the  
25 taxpayer, except that if the spouse dies during such taxable

1 year, such determination shall be made as of the time of  
2 such death.

3 (c) For purposes of this subsection (4), an individual  
4 is blind only if his central visual acuity does not exceed  
5 20/200 in the better eye with correcting lenses or if his  
6 visual acuity is greater than 20/200 but is accompanied by a  
7 limitation in the fields of vision such that the widest  
8 diameter of the visual field subtends an angle no greater  
9 than 20 degrees.

10 (5) (a) An exemption of ~~\$650~~ \$800 shall be allowed for  
11 taxable years beginning after December 31, ~~1973~~ ~~1978~~, for  
12 each dependent:

13 (i) whose gross income for the calendar year in which  
14 the taxable year of the taxpayer begins is less than ~~\$650~~  
15 \$800; or

16 (ii) who is a child of the taxpayer and who:

17 (A) has not attained the age of 19 years at the close  
18 of the calendar year in which the taxable year of the  
19 taxpayer begins; or

20 (B) is a student.

21 (b) No exemption shall be allowed under this  
22 subsection for any dependent who has made a joint return  
23 with his spouse for the taxable year beginning in the  
24 calendar year in which the taxable year of the taxpayer  
25 begins.

1 (c) For purposes of subsection (5)(a)(ii), the term  
2 "child" means an individual who is a son, stepson, daughter,  
3 or stepdaughter of the taxpayer.

4 (d) For purposes of subsection (5)(a)(ii)(B), the term  
5 "student" means an individual who, during each of 5 calendar  
6 months during the calendar year in which the taxable year of  
7 the taxpayer begins:

8 (i) is a full-time student at an educational  
9 institution; or

10 (ii) is pursuing a full-time course of institutional  
11 on-farm training under the supervision of an accredited  
12 agent of an educational institution or of a state or  
13 political subdivision of a state. For purposes of this  
14 subsection (5)(d)(ii), the term "educational institution"  
15 means only an educational institution which normally  
16 maintains a regular faculty and curriculum and normally has  
17 a regularly organized body of students in attendance at the  
18 place where its educational activities are carried on.

19 (6) In the case of a nonresident taxpayer, the  
20 exemption deduction shall be prorated according to the ratio  
21 the taxpayer's Montana adjusted gross income bears to his  
22 federal adjusted gross income.

23 (7) For taxable years beginning after December 31,  
24 1978, and before January 1, 1981, the amount allowed as a  
25 deduction in subsections (2) through (6) shall be adjusted

1 as provided under [section 9]."

2 ~~NEW SECTION.~~ Section 9. Deductions for exemptions in  
3 1979 and 1980. (1) The exemption amounts allowed in  
4 15-30-112 are increased for taxable years beginning after  
5 December 31, 1978, and before January 1, 1980, by \$50 for  
6 each \$2.5 million by which the general fund balance, as  
7 certified by the director of the department of  
8 administration to the director of the department of revenue,  
9 exceeds \$14 million as of June 30, 1979.

10 (2) The exemption amounts allowed in 15-30-112 are  
11 increased for taxable years beginning after December 31,  
12 1979, and before January 1, 1981, by \$50 for each \$2.8  
13 million by which the general fund balance, as certified by  
14 the director of the department of administration to the  
15 director of the department of revenue, exceeds \$13 million  
16 as of June 30, 1980.

17 Section 10. Section 15-30-114, MCA, is amended to  
18 read:

19 "15-30-114. Additional exemption for dependent child  
20 with handicap. (1) In lieu of the exemption in 15-30-112(5),  
21 an exemption for twice the amount allowed for dependents  
22 shall be allowed for taxable years beginning after December  
23 31, 1976, for each dependent child with a handicap.

24 (2) In order to be eligible for the exemption, a  
25 dependent child with a handicap must, for the taxable year

1 of the taxpayer, have as his principal place of abode the  
 2 home of the taxpayer and have a permanent handicap of great  
 3 enough severity that it constitutes not less than 50%  
 4 disability to the body as a whole. An exemption may be  
 5 allowed for a dependent with a permanent handicap after he  
 6 reaches the age of majority if he continues to be a  
 7 dependent.

8 (3) For taxable years beginning after December 31,  
 9 1978, and before January 1, 1981, the additional exemption  
 10 for a dependent child with a handicap is twice the amount  
 11 allowed for dependents as adjusted under [section 9]."

12 Section 11. Section 15-30-122, MCA, is amended to  
 13 read:

14 "15-30-122. Standard deduction. In the case of a  
 15 resident individual, a standard deduction equal to ~~10%~~ 15%  
 16 of adjusted gross income shall be allowed if elected by the  
 17 taxpayer on his return. The standard deduction shall be in  
 18 lieu of all deductions allowed under 15-30-121. The maximum  
 19 standard deduction shall be ~~\$500~~ \$1,000, except in the case  
 20 of a single joint return of husband and wife the maximum  
 21 standard deduction shall be ~~\$1,000~~ \$2,000. The standard  
 22 deduction shall not be allowed to either the husband or the  
 23 wife if the tax of one of the spouses is determined without  
 24 regard to the standard deduction. For purposes of this  
 25 section, the determination of whether an individual is

1 married shall be made as of the last day of the taxable  
 2 year; provided, however, if one of the spouses dies during  
 3 the taxable year, the determination shall be made as of the  
 4 date of death."

5 Section 12. Section 15-30-142, MCA, is amended to  
 6 read:

7 "15-30-142. Returns and payment of tax -- penalty and  
 8 interest -- refunds -- credits. (1) Every single individual  
 9 and every married individual not filing a joint return with  
 10 his or her spouse and having a gross income for the taxable  
 11 year of more than ~~\$720~~ \$940 and married individuals not  
 12 filing separate returns and having a combined gross income  
 13 for the taxable year of more than ~~\$1,445~~ \$1,880 shall be  
 14 liable for a return to be filed on such forms and according  
 15 to such rules as the department may prescribe. The gross  
 16 income amounts referred to in the preceding sentence shall  
 17 be increased by ~~\$650~~ \$800 for each additional personal  
 18 exemption allowance the taxpayer is entitled to claim for  
 19 himself and his spouse under 15-30-112(3) and (4). A  
 20 nonresident shall be required to file a return if his gross  
 21 income for the taxable year derived from sources within  
 22 Montana exceeds the amount of the exemption deduction he is  
 23 entitled to claim for himself and his spouse under the  
 24 provisions of 15-30-112(2), (3), and (4), as prorated  
 25 according to 15-30-112(6).

1 (2) In accordance with instructions set forth by the  
2 department, every taxpayer who is married and living with  
3 husband or wife and is required to file a return may, at his  
4 or her option, file a joint return with husband or wife even  
5 though one of the spouses has neither gross income nor  
6 deductions. If a joint return is made, the tax shall be  
7 computed on the aggregate taxable income and the liability  
8 with respect to the tax shall be joint and several. If a  
9 joint return has been filed for a taxable year, the spouses  
10 may not file separate returns after the time for filing the  
11 return of either has expired unless the department so  
12 consents.

13 (3) If any such taxpayer is unable to make his own  
14 return, the return shall be made by a duly authorized agent  
15 or by a guardian or other person charged with the care of  
16 the person or property of such taxpayer.

17 (4) All taxpayers, including but not limited to those  
18 subject to the provisions of 15-30-202 and 15-30-241, shall  
19 compute the amount of income tax payable and shall, at the  
20 time of filing the return required by this chapter, pay to  
21 the department any balance of income tax remaining unpaid  
22 after crediting the amount withheld as provided by 15-30-202  
23 and/or any payment made by reason of an estimated tax return  
24 provided for in 15-30-241; provided, however, the tax so  
25 computed is greater by \$1 than the amount withheld and/or

1 paid by estimated return as provided in this chapter, if the  
2 amount of tax withheld and/or payment of estimated tax  
3 exceeds by more than \$1 the amount of income tax as  
4 computed, the taxpayer shall be entitled to a refund of the  
5 excess.

6 (5) As soon as practicable after the return is filed,  
7 the department shall examine and verify the tax.

8 (6) If the amount of tax as verified is greater than  
9 the amount theretofore paid, the excess shall be paid by the  
10 taxpayer to the department within 30 days after notice of  
11 the amount of the tax as computed, with interest added at  
12 the rate of 9% per annum or fraction thereof on the  
13 additional tax. In such case there shall be no penalty  
14 because of such understatement, provided the deficiency is  
15 paid within 90 days after the first notice of the amount is  
16 mailed to the taxpayer."

17 Section 13. Effective date. This act is effective on  
18 passage and approval.

-End-