

SENATE BILL 167

IN THE SENATE

January 18, 1979	Introduced and referred to Committee on Taxation.
January 29, 1979	Fiscal note requested.
February 2, 1979	Fiscal note returned.
February 6, 1979	Committee recommend bill, as amended.
February 7, 1979	Printed and placed on members' desks.
February 8, 1979	Second reading, do pass.
February 9, 1979	Considered correctly engrossed.
February 10, 1979	Third reading, passed.

IN THE HOUSE

February 12, 1979	Introduced and referred to Committee on Taxation.
April 2, 1979	Committee recommend bill, not concurred.
April 3, 1979	Report adopted. Objection.
April 4, 1979	Second reading, pass consideration.
April 5, 1979	Second reading, as amended, not concurred.

IN THE SENATE

April 6, 1979	Returned from House, not concurred, as amended.
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Ames *Smith* *Hayes* *Ramsey* *Chapman*
 INTRODUCED BY *E. Smith* *Hayes* *Ramsey* *Chapman*
Nawitz *Kestire* *Underdal* *Smith* *Wright* *Hendard*
Schultz *Grund* *Wagner* *Uglick* *Ellison*
 A BILL FOR AN ACT ENTITLED: "AN ACT TO RAISE THE PERSONAL
 INCOME TAX EXEMPTIONS AND RAISE THE MINIMUM INCOME
 REQUIREMENTS FOR FILING RETURNS; AMENDING SECTIONS 15-30-112
 AND 15-30-142, MCA; PROVIDING AN EFFECTIVE DATE."
 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 Section 1. Section 15-30-112, MCA, is amended to read:
 "15-30-112. Exemptions. (1) In the case of an individual, the exemptions provided by this section shall be allowed as deductions in computing taxable income.
 (2) (a) An exemption of \$650 ~~\$1,000~~ shall be allowed for taxable years beginning after December 31, 1973 1978 for the taxpayer.
 (b) An additional exemption of \$650 ~~\$1,000~~ shall be allowed for taxable years beginning after December 31, 1973 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
 (3) (a) An additional exemption of \$650 ~~\$1,000~~ shall be allowed for taxable years beginning after December 31,

1 1973 1978, for the taxpayer if he has attained the age of 65
 2 before the close of his taxable year.
 3 (b) An additional exemption of \$650 ~~\$1,000~~ shall be
 4 allowed for taxable years beginning after December 31, 1973
 5 1978, for the spouse of the taxpayer if a separate return is
 6 made by the taxpayer and if the spouse has attained the age
 7 of 65 before the close of such taxable year and, for the
 8 calendar year in which the taxable year of the taxpayer
 9 begins, has no gross income and is not the dependent of
 10 another taxpayer.
 11 (4) (a) An additional exemption of \$650 ~~\$1,000~~ shall
 12 be allowed for taxable years beginning after December 31,
 13 1973 1978, for the taxpayer if he is blind at the close of
 14 his taxable year.
 15 (b) An additional exemption of \$650 ~~\$1,000~~ shall be
 16 allowed for taxable years beginning after December 31, 1973
 17 1978, for the spouse of the taxpayer if a separate return is
 18 made by the taxpayer and if the spouse is blind and, for the
 19 calendar year in which the taxable year of the taxpayer
 20 begins, has no gross income and is not the dependent of
 21 another taxpayer. For the purposes of this subsection
 22 (4)(b), the determination of whether the spouse is blind
 23 shall be made as of the close of the taxable year of the
 24 taxpayer, except that if the spouse dies during such taxable
 25 year, such determination shall be made as of the time of

1 such death.

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

9 (5) (a) An exemption of ~~\$650~~ \$1,000 shall be allowed
10 for taxable years beginning after December 31, ~~1973~~ 1978,
11 for each dependent:

12 (i) whose gross income for the calendar year in which
13 the taxable year of the taxpayer begins is less than ~~\$650~~
14 \$1,000; or

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

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

19 (B) is a student.

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

25 (c) For purposes of subsection (5)(a)(ii), the term

1 "child" means an individual who is a son, stepson, daughter,
2 or stepdaughter of the taxpayer.

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

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

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

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

22 Section 2. Section 15-30-142, MCA, is amended to read:

23 "15-30-142. Returns and payment of tax -- penalty and
24 interest -- refunds -- credits. (1) Every single individual
25 and every married individual not filing a joint return with

1 his or her spouse and having a gross income for the taxable
 2 year of more than \$720 ~~\$1,100~~ and married individuals not
 3 filing separate returns and having a combined gross income
 4 for the taxable year of more than \$1,445 ~~\$2,200~~ shall be
 5 liable for a return to be filed on such forms and according
 6 to such rules as the department may prescribe. The gross
 7 income amounts referred to in the preceding sentence shall
 8 be increased by \$650 ~~\$1,000~~ for each additional personal
 9 exemption allowance the taxpayer is entitled to claim for
 10 himself and his spouse under 15-30-112(3) and (4). A
 11 nonresident shall be required to file a return if his gross
 12 income for the taxable year derived from sources within
 13 Montana exceeds the amount of the exemption deduction he is
 14 entitled to claim for himself and his spouse under the
 15 provisions of 15-30-112(2), (3), and (4), as prorated
 16 according to 15-30-112(6).

17 (2) In accordance with instructions set forth by the
 18 department, every taxpayer who is married and living with
 19 husband or wife and is required to file a return may, at his
 20 or her option, file a joint return with husband or wife even
 21 though one of the spouses has neither gross income nor
 22 deductions. If a joint return is made, the tax shall be
 23 computed on the aggregate taxable income and the liability
 24 with respect to the tax shall be joint and several. If a
 25 joint return has been filed for a taxable year, the spouses

1 may not file separate returns after the time for filing the
 2 return of either has expired unless the department so
 3 consents.

4 (3) If any such taxpayer is unable to make his own
 5 return, the return shall be made by a duly authorized agent
 6 or by a guardian or other person charged with the care of
 7 the person or property of such ~~the~~ taxpayer.

8 (4) All taxpayers, including but not limited to those
 9 subject to the provisions of 15-30-202 and 15-30-241, shall
 10 compute the amount of income tax payable and shall, at the
 11 time of filing the return required by this chapter, pay to
 12 the department any balance of income tax remaining unpaid
 13 after crediting the amount withheld as provided by 15-30-202
 14 and/or any payment made by reason of an estimated tax return
 15 provided for in 15-30-241; provided ~~---however~~ the tax so
 16 computed is greater by \$1 than the amount withheld and/or
 17 paid by estimated return as provided in this chapter. If the
 18 amount of tax withheld and/or payment of estimated tax
 19 exceeds by more than \$1 the amount of income tax as
 20 computed, the taxpayer shall be entitled to a refund of the
 21 excess.

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

24 (6) If the amount of tax as verified is greater than
 25 the amount theretofore paid, the excess shall be paid by the

1 taxpayer to the department within 30 days after notice of
2 the amount of the tax as computed, with interest added at
3 the rate of 9% per annum or fraction thereof on the
4 additional tax. In such case there shall be no penalty
5 because of such understatement, provided the deficiency is
6 paid within 30 days after the first notice of the amount is
7 mailed to the taxpayer."

8 Section 3. Effective date. This act is effective for
9 taxable years beginning on or after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 163-79 Amended

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 167 With proposed amendment 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 raises the personal income tax exemptions and raises the minimum income requirements for filing returns; providing an effective date.

ASSUMPTIONS

The assumptions for this note are identical to those used in fiscal notes #60-79 (HB 11) & 163-79 ("introduced" version of SB 167), except it is also assumed that SB 167 is amended so as to be made effective for all taxable years beginning on or after January 1, 1980.

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>150.490 M</u>	<u>149.931 M</u>
Estimated Decrease	<u>(\$ 3.778 M)</u>	<u>(\$ 19.859 M)</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>96.314 M</u>	<u>95.956 M</u>
Estimated Decrease	<u>(\$ 2.418 M)</u>	<u>(\$ 12.710 M)</u>
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	<u>37.622 M</u>	<u>37.483 M</u>
Estimated Decrease	<u>(\$ 0.945 M)</u>	<u>(\$ 4.964 M)</u>
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>16.554 M</u>	<u>16.492 M</u>
Estimated Decrease	<u>(\$ 0.415 M)</u>	<u>(\$ 2.185 M)</u>

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

(Continued on page 2)

Richard L. Young
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/2/79

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EFFECT ON LOCAL GOVERNMENTS

See Technical Note (b)

LONG-RANGE EFFECTS

Individual income tax receipts would be reduced by about 11.7% from the amounts which would obtain under continuation of the present law.

TECHNICAL NOTE

- (a) Assumption (b) is not quite correct, since a relatively small portion of the receipts in FY80 and FY81 will be determined under the present law.
- (b) Revenues to the indicated Earmarked Revenue Account are used to support the Public School Foundation Program. Therefore, any decrease in revenues to that program may necessitate additional support from other sources.

(Prepared By Department Of Revenue)

.....
BUDGET DIRECTOR

Office of Budget and Program Planning

Date:

Approved by Committee
on Taxation

SENATE BILL NO. 167

INTRODUCED BY E. SMITH, KEYSER, RAMIREZ, FAGG, SALES, MOORE,
SIVERTSEN, R. ANDERSON, KROPP, SPILKER, IVERSON, CURTISS,
JENSEN, SEIFERT, STOBIE, BURNETT, LENSINK, TURNAGE, NELSON,
O'HARA, M. ANDERSON, AKLESTAD, LOCKREM, THOFT, HURWITZ,
BERTELSEN, SCHULTZ, UNDERDAL, LUND, SMITH, HAYNE, LORY,
MYRICK, ERNST, ELLISON, HEMSTAD, DONALDSON, VINGER, GALT,
PORTER, MEYER, ELLIS, HAZELBAKER, MCCALLUM, CONROY,
KOLSTAD, GOODOVER, RASMUSSEN, NORDTVEDT, SEVERSON,
LOWE, OLSON, ETCHART, MATHERS, HAGER, JOHNSTON,
HIMSL, DOVER, B. BROWN, STORY, ROTH,
STEPHENS, NATHE, FRATES, ROSKIE

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for taxable years beginning after December 31, 1973 ~~1978~~

1979, for the taxpayer.

(b) An additional exemption of \$650 ~~11,000~~ shall be
allowed for taxable years beginning after December 31, 1973
~~1978~~ 1979, for the spouse of the taxpayer if a separate
return is made by the taxpayer and if the spouse, for the
calendar year in which the taxable year of the taxpayer
begins, has no gross income and is not the dependent of
another taxpayer.

(3) (a) An additional exemption of \$650 ~~11,000~~ shall
be allowed for taxable years beginning after December 31,
1973 ~~1978~~ 1979, for the taxpayer if he has attained the age
of 65 before the close of his taxable year.

(b) An additional exemption of \$650 ~~11,000~~ shall be
allowed for taxable years beginning after December 31, 1973
~~1978~~ 1979, for the spouse of the taxpayer if a separate
return is made by the taxpayer and if the spouse has
attained the age of 65 before the close of such taxable year
and, for the calendar year in which the taxable year of the
taxpayer begins, has no gross income and is not the
dependent of another taxpayer.

(4) (a) An additional exemption of \$650 ~~11,000~~ shall
be allowed for taxable years beginning after December 31,
1973 ~~1978~~ 1979, for the taxpayer if he is blind at the close
of his taxable year.

(b) An additional exemption of \$650 ~~11,000~~ shall be

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 2 ~~1978 1979~~, for the spouse of the taxpayer if a separate
 3 return is made by the taxpayer and if the spouse is blind
 4 and, for the calendar year in which the taxable year of the
 5 taxpayer begins, has no gross income and is not the
 6 dependent of another taxpayer. For the purposes of this
 7 subsection (4)(b), the determination of whether the spouse
 8 is blind shall be made as of the close of the taxable year
 9 of the taxpayer, except that if the spouse dies during such
 10 taxable year, such determination shall be made as of the
 11 time of such death.

12 (c) For purposes of ~~this~~ subsection (4), an individual
 13 is blind only if his central visual acuity does not exceed
 14 20/200 in the better eye with correcting lenses or if his
 15 visual acuity is greater than 20/200 but is accompanied by a
 16 limitation in the ~~fields~~ field of vision such that the
 17 widest diameter of the visual field subtends an angle no
 18 greater than 20 degrees.

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 21 ~~1979~~, for each dependent:

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 23 the taxable year of the taxpayer begins is less than ~~\$650~~
 24 \$1,000; or

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

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

4 (B) is a student.

5 (b) No exemption shall be allowed under this
 6 subsection for any dependent who has made a joint return
 7 with his spouse for the taxable year beginning in the
 8 calendar year in which the taxable year of the taxpayer
 9 begins.

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

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

17 (i) is a full-time student at an educational
 18 institution; or

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 20 on-farm training under the supervision of an accredited
 21 agent of an educational institution or of a state or
 22 political subdivision of a state. For purposes of this
 23 subsection (5)(d)(ii), the term "educational institution"
 24 means only an educational institution which normally
 25 maintains a regular faculty and curriculum and normally has

1 a regularly organized body of students in attendance at the
2 place where its educational activities are carried on.

3 (6) In the case of a nonresident taxpayer, the
4 exemption deduction shall be prorated according to the ratio
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6 federal adjusted gross income."

7 Section 2. Section 15-30-142, MCA, is amended to read:

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9 interest -- refunds -- credits. (1) Every single individual
10 and every married individual not filing a joint return with
11 his or her spouse and having a gross income for the taxable
12 year of more than \$720 ~~\$1,100~~ and married individuals not
13 filing separate returns and having a combined gross income
14 for the taxable year of more than \$1,445 ~~\$2,200~~ shall be
15 liable for a return to be filed on such forms and according
16 to such rules as the department may prescribe. The gross
17 income amounts referred to in the preceding sentence shall
18 be increased by \$650 ~~\$1,000~~ for each additional personal
19 exemption allowance the taxpayer is entitled to claim for
20 himself and his spouse under 15-30-112(3) and (4). A
21 nonresident shall be required to file a return if his gross
22 income for the taxable year derived from sources within
23 Montana exceeds the amount of the exemption deduction he is
24 entitled to claim for himself and his spouse under the
25 provisions of 15-30-112(2), (3), and (4), as prorated

1 according to 15-30-112(6).

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

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

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

1 computed is greater by \$1 than the amount withheld and/or
2 paid by estimated return as provided in this chapter. If the
3 amount of tax withheld and/or payment of estimated tax
4 exceeds by more than \$1 the amount of income tax as
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6 excess.

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8 the department shall examine and verify the tax.

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10 the amount theretofore paid, the excess shall be paid by the
11 taxpayer to the department within 30 days after notice of
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14 additional tax. In such case there shall be no penalty
15 because of such understatement, provided the deficiency is
16 paid within 30 days after the first notice of the amount is
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19 taxable years beginning on or after December 31, 1978 1979.

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(b) An additional exemption of \$650 ~~11,000~~ shall be allowed for taxable years beginning after December 31, 1973 ~~1978~~ 1979, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

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5 or her option, file a joint return with husband or wife even
6 though one of the spouses has neither gross income nor
7 deductions. If a joint return is made, the tax shall be
8 computed on the aggregate taxable income and the liability
9 with respect to the tax shall be joint and several. If a
10 joint return has been filed for a taxable year, the spouses
11 may not file separate returns after the time for filing the
12 return of either has expired unless the department so
13 consents.

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

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

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

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

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

18 Section 3. Effective date. This act is effective for
19 taxable years beginning on or after December 31, 1978 ~~1979~~.

-End-