

SENATE BILL 168

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 9, 1979	Second reading, do pass.
February 10, 1979	Considered correctly engrossed.
February 12, 1979	Third reading, passed.

IN THE HOUSE

February 13, 1979	Introduced and referred to Committee on Taxation.
April 20, 1979	Died in Committee.

Switzer
 1 *Keyser* Senate BILL NO. *168* *Ramsey*
 2 INTRODUCED BY *Anderson* *Pratt* *Wynick* *Doak* *Ornst*
 3 *Ellis* *Sales*
 4 *Currier* *Schultz* *Keppeler* *Wynick* *Ro*
 5 IVERSON A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE *Smith*
 6 *Walt*
 7 *NATH* INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105 *Smith*
 8 *Walt* AND 15-30-162, MCA; AND REPEALING SECTION 15-30-104, MCA."
 9 *Anderson* *Wynick* *Doak* *Ornst* *Smith*
 10 *Walt* BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 *Nelson*
 12 Section 1. Section 15-30-105, MCA, is amended to read:
 13 *Olson*
 14 "15-30-105. Tax on nonresident -- alternative tax
 15 based on gross sales. (1) A like tax is imposed upon every *Low*
 16 person not resident of this state, which tax shall be *Low*
 17 levied, collected, and paid annually at the rates specified *Low*
 18 in 15-30-103 with respect to his entire net income as herein *Low*
 19 defined from all property owned and from every business, *Low*
 20 trade, profession, or occupation carried on in this state. *Low*
 21 (2) Pursuant to the provisions of Article III, section *Low*
 22 2, of the Multistate Tax Compact, every nonresident taxpayer *Low*
 23 required to file a return and whose only activity in Montana *Low*
 24 consists of making sales and who does not own or rent real *Low*
 25 estate or tangible personal property within Montana and *Low*
 whose annual gross volume of sales made in Montana during *Low*
 the taxable year does not exceed \$100,000 may elect to pay *Low*
 an income tax of 1/2 of 1% of the dollar volume of gross *Low*
 sales made in Montana during the taxable year. Such tax *Low*

1 shall be in lieu of the taxes ~~tax~~ imposed under 15-30-103
 2 ~~and 15-30-104~~. The gross volume of sales made in Montana
 3 during the taxable year shall be determined according to the
 4 provisions of Article IV, sections 16 and 17, of the
 5 Multistate Tax Compact."

6 Section 2. Section 15-30-162, MCA, is amended to read:
 7 "15-30-162. Investment credit. There is allowed as a
 8 credit against the taxes ~~tax~~ imposed by 15-30-103 and
 9 ~~15-30-104~~ a percentage of the investment in certain
 10 depreciable property equal to one-fifth the percentage of
 11 investment in such property allowed under section 38 of the
 12 Internal Revenue Code of 1954, as amended, or as section 38
 13 may be renumbered or amended."

14 Section 3. Repealer. Section 15-30-104, MCA, is
 15 repealed.

-End-

STATE OF MONTANA

REQUEST NO. 164-79

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 168 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 repeals the individual income tax surtax.

ASSUMPTIONS

- (a) The repealer of the 10% surtax will be in effect for all returns filed for tax years ending after June 30, 1979 (i.e., the tax liabilities for all calendar year taxpayers will not include the surcharge, beginning with returns filed for 1979; and the tax liabilities for all fiscal year taxpayers, where the fiscal year commences after July 1, 1978, will not include the surtax).
- (b) The number of taxpayers making payments during the 80-81 biennium for tax liabilities which include a surcharge will not be statistically significant.
- (c) The Department of Revenue forecast of individual income tax receipts for FY80 and FY81 is the basis for comparison.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Individual Income Tax Receipts		
under current law	\$154.268 M	\$169.790 M
under proposed law	140.244 M	154.355 M
Estimated Decrease	<u>(\$ 14.024 M)</u>	<u>(\$ 15.435 M)</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	89.756 M	98.787 M
Estimated Decrease	<u>(\$ 8.976 M)</u>	<u>(\$ 9.879 M)</u>
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	35.061 M	38.589 M
Estimated Decrease	<u>(\$ 3.506 M)</u>	<u>(\$ 3.858 M)</u>

(Continued on page 2)

Richard L. Drangor
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 12/2/79

STATE OF MONTANA

REQUEST NO. 164-79

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FUND INFORMATION (Cont.)

	<u>FY 80</u>	<u>FY 81</u>
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	15.427 M	16.979 M
Estimated Decrease	<u>(\$ 1.542 M)</u>	<u>(\$ 1.698 M)</u>

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

EFFECT ON LOCAL GOVERNMENTS

See technical note (c) for possible indirect effect upon school districts. No other local impact.

LONG-RANGE EFFECTS

Individual income tax revenues will be reduced by at least 9.09% from the values which would obtain if the surtax would remain in effect.

TECHNICAL NOTE

- (a) The bill does not specify for which tax years the repealer becomes effective. Assumption (a) is based upon the principle that, in cases where the question may exist regarding the timing of applicability of two or more conflicting statutes, the law which should obtain is the law which is in effect at the close of the period for which the return is made.
- (b) The indicated loss in revenue may be slightly understated, since federal income taxes for 1979 and 1980 will be higher, due to the reduced federal deduction for state tax payments, and the increased state deduction for federal income tax paid will result in even less state revenue than is indicated.
- (c) It should be noted that income to the indicated Earmarked Revenue Account is used to support the Public School Foundation Program; therefore, any reduction in income to that account may necessitate additional support from other sources.

PREPARED BY DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

REQUEST NO. 164-79 amended

FISCAL NOTE

Form BD 15

In compliance with a written request received February 22, 1979, there is hereby submitted a Fiscal Note for Senate Bill 168 (2nd Reading version) 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.

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EFFECT ON LOCAL GOVERNMENT

See technical note for possible indirect effect upon school districts. No other local impact.

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Individual income tax revenues will be reduced by at least 9.09% from the values which would obtain if the surtax would remain in effect.

TECHNICAL NOTE

It should be noted that income to the indicated earmarked Revenue Account is used to support the Public School Foundation Program; therefore, any reduction in income to that account may necessitate additional support from other sources.

(Prepared by the Department of Revenue)

.....
BUDGET DIRECTOR
Office of Budget and Program Planning
Date:

Approved by Committee
on Taxation

SENATE BILL NO. 168

INTRODUCED BY GOODOVER, MOORE, FABREGA, WOOD,
SIVERTSEN, KEYSER, HEMSTAD, IVERSON, SEIFERT, NATHE,
MEYER, UNDERDAL, PORTER, SPILKER, STOBIE, SMITH,
ELLERD, CURTISS, SCHULTZ, KROPP, KOLSTAD, MYRICK,
RAMIREZ, NORDTVEDT, ELLISON, SALES, ERNST, ROTH,
HAZELBAKER, E. SMITH, MARKS, ROSKIE, GALT, NELSON,
OLSON, LOWE, LENSINK, O'HARA, LOCKREM, RASMUSSEN,
ELLIS, HAYNE, LORY, EUDAILY, JENSEN, AKLESTAD,
ANDERSON, ETCHART, FAGG, LUND, HURWITZ, BERTELSON,
ANDERSON, VINGER, DONALDSON, THOFT

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE
INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105
AND 15-30-162, MCA; AND 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 15-30-105, MCA, is amended to read:

"15-30-105. Tax on nonresident -- alternative tax
based on gross sales. (1) A like tax is imposed upon every
person not resident of this state, which tax shall be
levied, collected, and paid annually at the rates specified
in 15-30-103 with respect to his entire net income as herein
defined from all property owned and from every business,

trade, profession, or occupation carried on in this state.

(2) Pursuant to the provisions of Article III, section
2, of the Multistate Tax Compact, every nonresident taxpayer
required to file a return and whose only activity in Montana
consists of making sales and who does not own or rent real
estate or tangible personal property within Montana and
whose annual gross volume of sales made in Montana during
the taxable year does not exceed \$100,000 may elect to pay
an income tax of 1/2 of 1% of the dollar volume of gross
sales made in Montana during the taxable year. Such tax
shall be in lieu of the taxes ~~tax~~ imposed under 15-30-103
~~and 15-30-104~~. The gross volume of sales made in Montana
during the taxable year shall be determined according to the
provisions of Article IV, sections 16 and 17, of the
Multistate Tax Compact."

Section 2. Section 15-30-162, MCA, is amended to read:

"15-30-162. Investment credit. There is allowed as a
credit against the taxes ~~tax~~ imposed by 15-30-103 ~~and~~
~~15-30-104~~ a percentage of the investment in certain
depreciable property equal to one-fifth the percentage of
investment in such property allowed under section 38 of the
Internal Revenue Code of 1954, as amended, or as section 38
may be renumbered or amended."

Section 3. Repealer. Section 15-30-104, MCA, is
repealed.

1 SECTION 4. EFFECTIVE DATE. (1) THIS ACT IS EFFECTIVE
2 ON JANUARY 1, 1980, AND APPLIES TO TAXABLE YEARS BEGINNING
3 AFTER DECEMBER 31, 1979, UNLESS SENATE BILL NO. 187,
4 INTRODUCED IN THE 46TH LEGISLATURE, IS PASSED AND APPROVED.
5 (2) IF SENATE BILL NO. 187, INTRODUCED IN 46TH
6 LEGISLATURE, IS PASSED AND APPROVED, THIS ACT IS EFFECTIVE
7 JANUARY 1, 1981, AND APPLIES TO TAXABLE YEARS BEGINNING
8 AFTER DECEMBER 31, 1980.

-End-

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-End-