

SENATE BILL 522

IN THE SENATE

March 16, 1979	Introduced and referred to Committee on Taxation.
March 22, 1979	Committee recommend bill, as amended.
March 23, 1979	Printed and placed on members' desks.
March 24, 1979	Second reading, do pass.
March 26, 1979	Considered correctly engrossed.
March 27, 1979	Third reading, passed.

IN THE HOUSE

March 28, 1979	Introduced and referred to Committee on Taxation.
April 3, 1979	On motion, taken from Committee on Taxation and referred to second reading.
	Committee recommend bill, as amended, not concurred.

IN THE SENATE

April 4, 1979	Returned from House, not concurred, as amended.
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1 *Senate* BILL NO. *522*  
 2 INTRODUCED BY *Ternage Chavmon*  
 3 BY REQUEST OF THE SENATE TAXATION COMMITTEE

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A TAX CREDIT  
 6 FOR PROPERTY TAX PAID OR RENT PAID ON RESIDENCES; PROVIDING  
 7 PROCEDURES FOR CLAIMING THE CREDIT; AND PROVIDING AN  
 8 EFFECTIVE DATE.

9  
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Short title. [This act] may be cited as the  
 12 "Montana Residential Property Tax Relief Act of 1979".

13 Section 2. Definitions. As used in [this act], the  
 14 following definitions apply:

15 (1) "Department" means the department of revenue.

16 (2) "Property tax paid" means general property tax,  
 17 exclusive of special assessments, penalties, or interest,  
 18 levied against a residence and paid during the taxable year.

19 (3) "Rent" means the total rent in cash actually paid  
 20 by the renter or lessee for the right of occupying a  
 21 residence, excluding security deposits and any rent subsidy  
 22 payments provided by a government agency.

23 (4) "Residence" means any dwelling place containing  
 24 living accommodations, including apartments, mobile homes,  
 25 and multiple-unit dwellings.

1 Section 3. Credit for property tax or rent paid on  
 2 residence. (1) There is allowed against the taxes imposed by  
 3 15-30-103 and 15-30-104 a credit equal to:

4 (a) \$65 of the property tax paid by the taxpayer  
 5 during the taxable year on his residence; or

6 (b) \$50 of the rent paid by the taxpayer during the  
 7 taxable year on his residence.

8 (2) This credit is allowed in addition to the  
 9 deduction allowed under 15-30-121 for property taxes paid.

10 (3) In order to claim the credit for a residence, a  
 11 person must have occupied the residence for at least 10  
 12 months of the taxable year.

13 (4) Only one person may claim a credit for a residence  
 14 for any taxable year. No person may claim credit for more  
 15 than one residence during any taxable year.

16 Section 4. Procedure for claiming credit. (1) The  
 17 department shall provide forms for claiming the tax credit  
 18 allowed in [section 3] in the state income tax return forms  
 19 made available to all taxpayers.

20 (2) The department shall refund to the taxpayer any  
 21 amount of credit in excess of his tax liability.

22 Section 5. Penalty for false claim. (1) The department  
 23 shall deny any credit claimed falsely. Any person filing a  
 24 false claim is guilty of false swearing.

25 (2) The department may use the procedure established

LC 1979/01

1 in Title 15, chapter 30, part 3, to collect:

2 (a) twice the amount of the tax credit falsely  
3 claimed, whether refunded in cash or used to reduce the tax  
4 liability; and

5 (b) interest on the amount due at the rate of 1% a  
6 month.

7 Section 6. Effective date and applicability. This act  
8 is effective on passage and approval and applies to taxable  
9 years beginning after December 31, 1978.

-End-

Approved by Committee  
on Taxation

SENATE BILL NO. 522

INTRODUCED BY TURNAGE, CHAIRMAN

BY REQUEST OF THE SENATE TAXATION COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A TAX CREDIT FOR PROPERTY TAX PAID OR RENT PAID ON RESIDENCES; PROVIDING PROCEDURES FOR CLAIMING THE CREDIT; AND PROVIDING AN EFFECTIVE DATE AND PERIOD OF APPLICABILITY.

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

Section 1. Short title. [This act] may be cited as the "Montana Residential Property Tax Relief Act of 1979".

Section 2. Definitions. As used in [this act], the following definitions apply:

(1) "Department" means the department of revenue.

(2) "Property tax paid" means general property tax, exclusive of special assessments, penalties, or interest, levied against a residence and paid during the taxable year.

(3) "Rent" means the total rent in cash actually paid by the renter or lessee for the right of occupying a residence, excluding security deposits and any rent subsidy payments provided by a government agency.

(4) "Residence" means any dwelling place containing living accommodations, including apartments, mobile homes, and multiple-unit dwellings, THAT IS SUBJECT TO PROPERTY

TAXATION.

Section 3. Credit for property tax or rent paid on residence. (1) There is allowed against the taxes imposed by 15-30-103 and 15-30-104 a credit equal to:

(a) ~~665~~ 50 of the property tax paid by the taxpayer during the taxable year on his residence; or

(b) \$50 of the rent paid by the taxpayer during the taxable year on his residence.

(2) This credit is allowed in addition to the deduction allowed under 15-30-121 for property taxes paid.

(3) In order to claim the credit for a residence, a person must have occupied the MAINTAINED A residence WITHIN THE STATE for at least 10 months of the taxable year.

(4) Only one person may claim a credit for a residence for any taxable year. No person may claim credit for more than one residence during any taxable year.

15) THE CREDIT IS LIMITED TO THE AMOUNT OF RENT OR PROPERTY TAXES PAID BY THE TAXPAYER.

Section 4. Procedure for claiming credit. (1) The department shall provide forms for claiming the tax credit allowed in [section 3] in the state income tax return forms made available to all taxpayers.

(2) The department shall refund to the taxpayer any amount of credit in excess of his tax liability.

Section 5. Penalty for false claim. (1) The department

1 shall deny any credit claimed falsely. Any person filing a  
2 false claim is guilty of false swearing.

3 (2) The department may use the procedure established  
4 in Title 15, chapter 30, part 3, to collect:

5 (a) twice the amount of the tax credit falsely  
6 claimed, whether refunded in cash or used to reduce the tax  
7 liability; and

8 (b) interest on the amount due at the rate of 1% a  
9 month.

10 ~~SECTION 6. SUNSET PROVISION. THIS ACT SHALL TERMINATE~~  
11 ~~ON DECEMBER 31, 1980.~~

12 Section 7. Effective date and applicability. This act  
13 is effective on passage and approval and applies to taxable  
14 years beginning after December 31, 1978 ~~AND ENDING DECEMBER~~  
15 ~~31, 1980.~~

-End-

1                               SENATE BILL NO. 522  
 2                               INTRODUCED BY TURNAGE, CHAIRMAN  
 3                               BY REQUEST OF THE SENATE TAXATION COMMITTEE  
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 5   A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A TAX CREDIT  
 6   FOR PROPERTY TAX PAID OR RENT PAID ON RESIDENCES; PROVIDING  
 7   PROCEDURES FOR CLAIMING THE CREDIT; AND PROVIDING AN  
 8   EFFECTIVE DATE AND PERIOD OF APPLICABILITY.  
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 10   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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 12   "Montana Residential Property Tax Relief Act of 1979".  
 13       Section 2. Definitions. As used in [this act], the  
 14   following definitions apply:  
 15       (1) "Department" means the department of revenue.  
 16       (2) "Property tax paid" means general property tax,  
 17   exclusive of special assessments, penalties, or interest,  
 18   levied against a residence and paid during the taxable year.  
 19       (3) "Rent" means the total rent in cash actually paid  
 20   by the renter or lessee for the right of occupying a  
 21   residence, excluding security deposits and any rent subsidy  
 22   payments provided by a government agency.  
 23       (4) "Residence" means any dwelling place containing  
 24   living accommodations, including apartments, mobile homes,  
 25   and multiple-unit dwellings, THAT IS SUBJECT TO PROPERTY

1   TAXATION.  
 2           Section 3. Credit for property tax or rent paid on  
 3   residence. (1) There is allowed against the taxes imposed by  
 4   15-30-103 and 15-30-104 a credit equal to:  
 5       (a) ~~\$65~~ \$50 of the property tax paid by the taxpayer  
 6   during the taxable year on his residence; or  
 7       (b) \$50 of the rent paid by the taxpayer during the  
 8   taxable year on his residence.  
 9       (2) This credit is allowed in addition to the  
 10   deduction allowed under 15-30-121 for property taxes paid.  
 11       (3) In order to claim the credit for a residence, a  
 12   person must have occupied-the MAINTAINED A residence WITHIN  
 13   THE STATE for at least 10 months of the taxable year.  
 14       (4) Only one person may claim a credit for a residence  
 15   for any taxable year. No person may claim credit for more  
 16   than one residence during any taxable year.  
 17       (5) THE CREDIT IS LIMITED TO THE AMOUNT OF RENT OR  
 18   PROPERTY TAXES PAID BY THE TAXPAYER.  
 19       Section 4. Procedure for claiming credit. (1) The  
 20   department shall provide forms for claiming the tax credit  
 21   allowed in [section 3] in the state income tax return forms  
 22   made available to all taxpayers.  
 23       (2) The department shall refund to the taxpayer any  
 24   amount of credit in excess of his tax liability.  
 25       Section 5. Penalty for false claim. (1) The department

1 shall deny any credit claimed falsely. Any person filing a  
2 false claim is guilty of false swearing.

3 (2) The department may use the procedure established  
4 in Title 15, chapter 30, part 3, to collect:

5 (a) twice the amount of the tax credit falsely  
6 claimed, whether refunded in cash or used to reduce the tax  
7 liability; and

8 (b) interest on the amount due at the rate of 1% a  
9 month.

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12 Section 7. Effective date and applicability. This act  
13 is effective on passage and approval and applies to taxable  
14 years beginning after December 31, 1978 ~~AND ENDING DECEMBER~~  
15 ~~31, 1980.~~

-End-

## STATE OF MONTANA

REQUEST NO. 492-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received March 19, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 522 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 would provide a tax credit for property tax paid or rent paid on residences; providing procedures for claiming the credit; and providing an effective date.

ASSUMPTIONS

- 1) There are 260,000 households in Montana. 40.6% are in rented quarters; 59.4% own the home in which they reside.
- 2) Approximately 90% of the homeowners and 85% of the renters will actually claim the credit.

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>140.747 M</u>	<u>156.269 M</u>
Estimated Decrease	( <u>\$ 13.521 M</u> )	( <u>\$ 13.521 M</u> )

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>90.078 M</u>	<u>100.012 M</u>
Estimated Decrease	( <u>\$ 8.654 M</u> )	( <u>\$ 8.654 M</u> )
Earmarked Revenue Fund		
under current law	\$ <del>38</del> .567 M	\$ 42.447 M
under proposed law	<u>35.187 M</u>	<u>39.067 M</u>
Estimated Decrease	( <u>\$ 3.380 M</u> )	( <u>\$ 3.380 M</u> )
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>15.482 M</u>	<u>17.190 M</u>
Estimated Decrease	( <u>\$ 1.487 M</u> )	( <u>\$ 1.487 M</u> )

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

*Richard J. [Signature]*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3/21/79

Continued on page 2

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STATE OF MONTANA

REQUEST NO. 492-79

FISCAL NOTE

Form BD-15

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In compliance with a written request received March 20, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 522 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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TECHNICAL NOTE

- a) This fiscal note was prepared for the "Introduced Bill" version of SB 522. If the credit was set at \$50 for both homeowners and renters, then the fiscal impact would be an annual decrease in income tax receipts of \$11.436 M. If the credit was established as a general credit of \$50 available to all resident filers of individual income tax, the fiscal impact would be a reduction of \$18 M to \$25 M per year.
- b) Subsections (3) and (4) of Section 3 establish eligibility requirements which would be very difficult to enforce.
- c) It should be noted that receipts to the indicated earmarked revenue fund are used to support the Public School Foundation Program. Therefore, any decrease in income to that account may necessitate additional support from other sources.

(Prepared by the Department of Revenue)

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BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: \_\_\_\_\_

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