

House Bill 84

In The House

January 6, 1981	Introduced and referred to Committee on Taxation.
January 7, 1981	Fiscal note requested.
January 12, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1                    HOUSE      BILL NO.    84  
 2    INTRODUCED BY YARDLEY

3  
 4    A BILL FOR AN ACT ENTITLED: "AN ACT TO RAISE THE INDIVIDUAL  
 5    INCOME TAX EXEMPTION FROM \$800 TO \$1,200; AMENDING SECTION  
 6    15-30-112, MCA."

7  
 8    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9            Section 1. Section 15-30-112, MCA, is amended to read:

10           "15-30-112. Exemptions. (1) Except as provided in  
 11    subsection (7), in the case of an individual, the exemptions  
 12    provided by subsections (2) through (6) shall be allowed as  
 13    deductions in computing taxable income.

14           (2) (a) An exemption of ~~\$800~~ \$1,200 shall be allowed  
 15    for taxable years beginning after December 31, ~~1978~~ 1980,  
 16    for the taxpayer.

17           (b) An additional exemption of ~~\$800~~ \$1,200 shall be  
 18    allowed for taxable years beginning after December 31, ~~1978~~  
 19    1980, for the spouse of the taxpayer if a separate return is  
 20    made by the taxpayer and if the spouse, for the calendar  
 21    year in which the taxable year of the taxpayer begins, has  
 22    no gross income and is not the dependent of another  
 23    taxpayer.

24           (3) (a) An additional exemption of ~~\$800~~ \$1,200 shall  
 25    be allowed for taxable years beginning after December 31,

1    ~~1978 1980~~, 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 ~~\$800~~ \$1,200 shall be  
 4    allowed for taxable years beginning after December 31, ~~1978~~  
 5    1980, 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 ~~\$800~~ \$1,200 shall  
 12    be allowed for taxable years beginning after December 31,  
 13    ~~1978 1980~~, for the taxpayer if he is blind at the close of  
 14    his taxable year.

15           (b) An additional exemption of ~~\$800~~ \$1,200 shall be  
 16    allowed for taxable years beginning after December 31, ~~1978~~  
 17    1980, 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

-2- INTRODUCED BILL  
 HBBY

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 fields of vision such that the widest  
7 diameter of the visual field subtends an angle no greater  
8 than 20 degrees.

9 (5) (a) An exemption of \$800 ~~\$1,200~~ shall be allowed  
10 for taxable years beginning after December 31, 1978 ~~1980~~,  
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 \$800  
14 ~~\$1,200~~; 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 (7) For taxable years beginning after December 31,  
23 1978, and before January 1, 1981, the amount allowed as a  
24 deduction in subsections (2) through (6) shall be adjusted  
25 as provided under section 9, Chapter 698, Laws of 1979.\*

-End-

-4-

## STATE OF MONTANA

REQUEST NO. 54-81

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 81, there is hereby submitted a Fiscal Note for House Bill 84 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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

An act to raise the individual income tax exemption from \$800 to \$1200.

ASSUMPTIONS

1. The Department of Revenue forecast of individual income tax receipts for the 82-83 biennium is the basis for comparison.
2. The base personal exemption amount is \$800.
3. The proposed change will not affect expenditures of the Department of Revenue.
4. The inflation rates used for indexation will be 10% in 1981, 9.5% in 1982, and 9% in 1983.

FISCAL IMPACT

Individual Income Tax Receipts	FY 82	FY 83
Under current law	\$161.556 M	\$167.99 <del>2</del> M
Under proposed law	<u>134.689 M</u>	<u>142.170 M</u>
Estimated Decrease	(\$ 26.867 M)	(\$ 25.82 <del>2</del> M)

FUND INFORMATION

<u>General Fund</u>		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>86.201 M</u>	<u>90.989 M</u>
Estimated Decrease	(\$ 17.195 M)	(\$ 16.527 M)
<u>Earmarked Revenue Fund</u>		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>33.672 M</u>	<u>35.543 M</u>
Estimated Decrease	(\$ 6.717 M)	(\$ 6.455 M)
<u>Sinking Fund *</u>		
Under current law	\$ 17.771 M	\$ 18.479 M
Under proposed law	<u>14.816 M</u>	<u>15.639 M</u>
Estimated Decrease	(\$ 2.955 M)	(\$ 2.840 M)

\* A portion of this account may be transferred to the general fund as long range bond excess, if debt service requirements are sufficiently low.

*Daniel M. Lewis*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-81

STATE OF MONTANA

REQUEST NO. 54-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 81, there is hereby submitted a Fiscal Note for House Bill 84 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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Page 2.

EFFECT ON COUNTY AND LOCAL GOVERNMENT

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.

LONG RANGE EFFECTS

The fiscal impact of this proposal upon income tax liabilities increases exponentially with time. It is expected that the fiscal impact of the proposal upon FY 84 receipts would be a \$28.6 million decrease, and in FY 85 the collections would be reduced by \$30.8 million.

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_