

House Bill 85

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. 85  
 2 INTRODUCED BY YARDLEY  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE  
 5 INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105  
 6 AND 15-30-162, MCA; AND REPEALING SECTION 15-30-104, MCA."  
 7  
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 9        Section 1. Section 15-30-105, MCA, is amended to read:  
 10        "15-30-105. Tax on nonresident -- alternative tax  
 11 based on gross sales. (1) A like tax is imposed upon every  
 12 person not resident of this state, which tax shall be  
 13 levied, collected, and paid annually at the rates specified  
 14 in 15-30-103 with respect to his entire net income as herein  
 15 defined from all property owned and from every business,  
 16 trade, profession, or occupation carried on in this state.  
 17        (2) Pursuant to the provisions of Article III, section  
 18 2, of the Multistate Tax Compact, every nonresident taxpayer  
 19 required to file a return and whose only activity in Montana  
 20 consists of making sales and who does not own or rent real  
 21 estate or tangible personal property within Montana and  
 22 whose annual gross volume of sales made in Montana during  
 23 the taxable year does not exceed \$100,000 may elect to pay  
 24 an income tax of 1/2 of 1% of the dollar volume of gross  
 25 sales made in Montana during the taxable year. Such tax

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. (1) There is allowed as  
 8 a credit against the ~~taxes tax~~ imposed by 15-30-103 ~~and~~  
 9 ~~15-30-104~~ a percentage of the credit allowed with respect to  
 10 certain depreciable property under section 38 of the  
 11 Internal Revenue Code of 1954, as amended, or as section 38  
 12 may be renumbered or amended.  
 13        (2) The amount of the credit allowed for the taxable  
 14 year is the sum of:  
 15        (a) 20% of the amount of credit determined under  
 16 section 46(a)(2) of the Internal Revenue Code of 1954, as  
 17 amended, or as section 46(a)(2) may be renumbered or  
 18 amended;  
 19        (b) the investment credit carryovers carried to the  
 20 taxable year as provided in subsection (4); and  
 21        (c) the investment credit carrybacks carried to the  
 22 taxable year as provided for in subsection (4).  
 23        (3) Notwithstanding the provisions of subsection (2),  
 24 the investment credit allowed for the taxable year may not  
 25 exceed the taxpayer's tax liability for the taxable year. In

1 the event the taxpayer's tax liability for the taxable year  
2 exceeds \$5,000, the investment credit may not exceed \$5,000  
3 plus 50% of the tax liability in excess of \$5,000. In the  
4 case of a husband and wife who file separate returns, the  
5 investment credit may not exceed \$2,500 plus 50% of the tax  
6 liability in excess of \$2,500 unless the spouse of the  
7 taxpayer has no qualified investment for and no unused  
8 credit carryback or carryover to the taxable year of the  
9 spouse that ends with or within the taxpayer's taxable year.

10 (4) If any part of the investment credit is not  
11 applied against the tax liability for the taxable year  
12 because of the limitations imposed under subsection (3), the  
13 unused portion shall be carried back and carried forward in  
14 accordance with the provisions of section 46(b) of the  
15 Internal Revenue Code of 1954, as amended, or as section  
16 46(b) may be renumbered or amended.

17 (5) The investment credit allowed by this section is  
18 subject to recapture as provided for in section 47 of the  
19 Internal Revenue Code of 1954, as amended, or as section 47  
20 may be renumbered or amended."

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

-End-

## STATE OF MONTANA

REQUEST NO. 55-81

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 8, 19 81, there is hereby submitted a Fiscal Note for House Bill 85 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 repeal the individual income tax surtax.

ASSUMPTIONS

- . The Department of Revenue forecast of individual income tax receipts is the basis for comparison.
- . The base personal exemption allowance is \$800.

FISCAL IMPACT

| Individual Income Tax Collections | FY 82            | FY 83            |
|-----------------------------------|------------------|------------------|
| Under current law                 | \$161.556 M      | \$167.993 M      |
| Under proposed law                | <u>145.831 M</u> | <u>152.720 M</u> |
| Estimated Decrease                | (\$ 15.725 M)    | (\$ 15.273 M)    |

GENERAL INFORMATIONGeneral Fund

|                    |                 |                 |
|--------------------|-----------------|-----------------|
| Under current law  | \$103.396 M     | \$107.516 M     |
| Under proposed law | <u>93.332 M</u> | <u>97.741 M</u> |
| Estimated Decrease | (\$ 10.064 M)   | (\$ 9.775 M)    |

Earmarked Revenue Funds

|                    |                 |                 |
|--------------------|-----------------|-----------------|
| Under current law  | \$ 40.389 M     | \$ 41.998 M     |
| Under proposed law | <u>36.458 M</u> | <u>38.180 M</u> |
| Estimated Decrease | (\$ 3.931 M)    | (\$ 3.818 M)    |

Operating Fund\*

|                    |                 |                 |
|--------------------|-----------------|-----------------|
| Under current law  | \$ 17.771 M     | \$ 18.479 M     |
| Under proposed law | <u>16.041 M</u> | <u>16.799 M</u> |
| Estimated Decrease | (\$ 1.730 M)    | (\$ 1.680 M)    |

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

EFFECT ON LOCAL GOVERNMENTS

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

Individual income tax receipts would decrease by about 9.1% from what they would be without the proposed change.

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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-81