

HOUSE BILL NO. 870

INTRODUCED BY NORDTVEDT, SIVERTSEN, BURNETT, WILLIAMS,
HARRINGTON, BRAND, UNDERDAL, SWITZER, BERTELSEN, VINGER,
ROTH, DEVLIN, ZABROCKI, DOZIER, OBERG, HART, ASAY

BY REQUEST OF THE HOUSE COMMITTEE ON TAXATION

IN THE HOUSE

April 8, 1981

Introduced and referred to
Committee on Taxation.

Committee recommend bill
do pass. Report adopted.

On motion rules suspended
and bill placed on second
reading this day.

Second reading, do pass.

April 9, 1981

On motion rules suspended
and bill placed on third
reading this day.

Third reading, passed.
Ayes, 95; Noes, 0.
Transmitted to Senate.

IN THE SENATE

April 10, 1981

By motion and consent bill
allowed to be received and
considered this session.
Motion adopted.

Introduced and referred
to Committee on Taxation.

April 11, 1981

Committee recommend bill be
concurred in. Report adopted.

April 14, 1981

Second reading, concurred in.

April 15, 1981

Third reading, concurred in.
Ayes, 48; Noes, 1.

IN THE HOUSE

April 16, 1981

Returned from Senate. Concurred
in. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 870
2 INTRODUCED BY W. H. Muller Committee on W. H. Muller
3 for the Committee on Taxation W. H. Muller
4 BY REQUEST OF THE HOUSE COMMITTEE ON TAXATION
5 W. H. Muller W. H. Muller W. H. Muller
6 W. H. Muller W. H. Muller W. H. Muller

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE
6 STANDARD DEDUCTION ALLOWED FOR INCOME TAX PURPOSES; AMENDING
7 SECTION 4 OF INITIATIVE NO. 86; AND PROVIDING AN IMMEDIATE
8 EFFECTIVE DATE."

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

11 Section 1. Section 4 of Initiative No. 86 is amended
12 to read:

13 *Section 4. Section 15-30-122, MCA, is amended to
14 read:

15 *15-30-122. Standard deduction. (1) In the case of a
16 resident individual, a standard deduction equal to 15% 20%
17 of adjusted gross income shall be allowed if elected by the
18 taxpayer on his return. The standard deduction shall be in
19 lieu of all deductions allowed under 15-30-121. The maximum
20 standard deduction shall be \$1,000 ~~\$1,500~~ as adjusted under
21 the provisions of subsection (2), except in the case of a
22 single joint return of husband and wife the maximum standard
23 deduction shall be \$2,000 ~~\$3,000~~ as adjusted under the
24 provisions of subsection (2). The standard deduction shall
25 not be allowed to either the husband or the wife if the tax

1 of one of the spouses is determined without regard to the
2 standard deduction. For purposes of this section, the
3 determination of whether an individual is married shall be
4 made as of the last day of the taxable year; provided,
5 however, if one of the spouses dies during the taxable year,
6 the determination shall be made as of the date of death.

121 By November 1 of each year, the department shall
122 multiply the maximum standard deduction for single returns
123 and joint returns by the inflation factor for that taxable
124 year and round the product to the nearest \$10. The resulting
125 adjusted deductions are effective for that taxable year and
126 shall be used in calculating the tax imposed in 15-30-103.**

13 Section 2. Effective date — applicability. This act
14 is effective on passage and approval and applies to taxable
15 years beginning after December 31, 1980.

-End-

STATE OF MONTANA

443-81

REQUEST NO.

FISCAL NOTE

Form BD-15

In compliance with a written request received April 8, 1981, there is hereby submitted a Fiscal Note for HOUSE BILL 870 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 increase the standard deduction allowed for income tax purposes; and providing for an immediate effective date.

ASSUMPTIONS

1. The base personal exemption allowance is \$800.
2. The Department of Revenue forecast of individual income tax receipts for the 82-83 biennium is the basis for comparison.

FISCAL IMPACT

Individual Income Tax Collections

| | FY 82 | FY 83 |
|--------------------|------------------|------------------|
| Under current law | \$161.556 M | \$167.993 M |
| Under proposed law | <u>159.684 M</u> | <u>166.350 M</u> |
| Estimated Decrease | (\$ 1.872 M) | (\$ 1.643 M) |

FUND INFORMATION

General Fund

| | | |
|--------------------|------------------|------------------|
| Under current law | \$103.396 M | \$107.516 M |
| Under proposed law | <u>102.198 M</u> | <u>106.465 M</u> |
| Estimated Decrease | (\$ 1.198 M) | (\$ 1.051 M) |

Earmarked Revenue Fund

| | | |
|--------------------|-----------------|-----------------|
| Under current law | \$ 40.389 M | \$ 41.998 M |
| Under proposed law | <u>39.921 M</u> | <u>41.587 M</u> |
| Estimated Decrease | (\$ 0.468 M) | (\$ 0.411 M) |

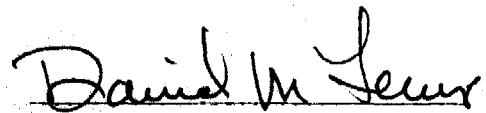
Sinking Fund *

| | | |
|--------------------|-----------------|-----------------|
| Under current law | \$ 17.771 M | \$ 18.479 M |
| Under proposed law | <u>17.565 M</u> | <u>18.298 M</u> |
| Estimated Decrease | (\$ 0.206 M) | (\$ 0.181 M) |

* A portion of this account may be transferred to the General Fund as Long Range Bond Excess.

EFFECT ON 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.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4-10-81

PREPARED BY THE DEPARTMENT OF REVENUE

HOUSE BILL NO. 870

INTRODUCED BY *Wyllie* *Carteson* *Burnett* *Williams*
Harmon *Brand* *Chandler* *Smith* *Carteson* *Wynne*
 BY REQUEST OF THE HOUSE COMMITTEE ON TAXATION
Ro *Rehm* *Burke* *Zabrocki* *Doggett* *M. Hart* *Wynn*

A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE STANDARD DEDUCTION ALLOWED FOR INCOME TAX PURPOSES; AMENDING SECTION 4 OF INITIATIVE NO. 86; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 4 of Initiative No. 86 is amended to read:

"Section 4. Section 15-30-122, MCA, is amended to read:

"15-30-122. Standard deduction. (1) In the case of a resident individual, a standard deduction equal to 15% 20% of adjusted gross income shall be allowed if elected by the taxpayer on his return. The standard deduction shall be in lieu of all deductions allowed under 15-30-121. The maximum standard deduction shall be \$1,800 \$1,500, as adjusted under the provisions of subsection (2), except in the case of a single joint return of husband and wife the maximum standard deduction shall be \$2,000 \$3,000, as adjusted under the provisions of subsection (2). The standard deduction shall not be allowed to either the husband or the wife if the tax

of one of the spouses is determined without regard to the standard deduction. For purposes of this section, the determination of whether an individual is married shall be made as of the last day of the taxable year; provided, however, if one of the spouses dies during the taxable year, the determination shall be made as of the date of death.

(2) By November 1 of each year, the department shall multiply the maximum standard deduction for single returns and joint returns by the inflation factor for that taxable year and round the product to the nearest \$10. The resulting adjusted deductions are effective for that taxable year and shall be used in calculating the tax imposed in 15-30-103."

Section 2. Effective date -- applicability. This act is effective on passage and approval and applies to taxable years beginning after December 31, 1980.

-End-

THIRD READING
 -2- *HB 870*
 Rules suspended= no yellow printing

HOUSE BILL NO. 870

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

13 Section 1. Section 4 of Initiative No. 86 is amended
14 to read:

15 "Section 4. Section 15-30-122, MCA, is amended to
16 read:

17 "15-30-122. Standard deduction. (1) In the case of a
18 resident individual, a standard deduction equal to 25% 20%
19 of adjusted gross income shall be allowed if elected by the
20 taxpayer on his return. The standard deduction shall be in
21 lieu of all deductions allowed under 15-30-121. The maximum
22 standard deduction shall be \$1,000 \$1,500, as adjusted under
23 the provisions of subsection (2), except in the case of a
24 single joint return of husband and wife the maximum standard
25 deduction shall be \$2,000 \$3,000, as adjusted under the

1 provisions_of_subsection_12). The standard deduction shall
2 not be allowed to either the husband or the wife if the tax
3 of one of the spouses is determined without regard to the
4 standard deduction. For purposes of this section, the
5 determination of whether an individual is married shall be
6 made as of the last day of the taxable year; provided,
7 however, if one of the spouses dies during the taxable year,
8 the determination shall be made as of the date of death.

15 Section 2. Effective date -- applicability. This act
16 is effective on passage and approval and applies to taxable
17 years beginning after December 31, 1980.

-End-