

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
concurring in. Report adopted.

April 14, 1981

Second reading, concurring in.

April 15, 1981

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

IN THE HOUSE

April 16, 1981

Returned from Senate. Concurred
in. Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 870

INTRODUCED BY *Wendell Smith* *William*
Howard Brand *Richard* *Justin* *Carlson* *Wison*
BY REQUEST OF THE HOUSE COMMITTEE ON TAXATION
Robert Zaburka *Doc* *W. Clark*

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 ~~\$1,000~~ \$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-

-2- INTRODUCED BILL
870

STATE OF MONTANA

REQUEST NO. 443-81

FISCAL NOTE

Form BD-15

In compliance with a written request received April 8, 19 81, 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

	FY 82	FY 83
Individual Income Tax Collections		
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

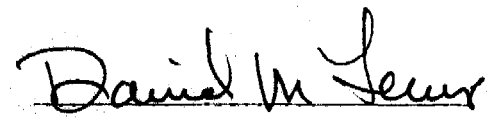
General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>102.198 M</u>	<u>106.465 M</u>
Estimated Decrease	(\$ 1.198 M)	(\$ 1.051 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>39.921 M</u>	<u>41.587 M</u>
Estimated Decrease	(\$ 0.468 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.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4-10-81

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 2 INTRODUCED BY *Wendell Smith* *James H. Williams*
 3 *Hamilton Brand* *Charles Smith* *Carlton Vinton*
 4 *Robert* *Zaburka* *Doz* *Way* *M. Hank* *Way*
 5 BY REQUEST OF THE HOUSE COMMITTEE ON TAXATION

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 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.

7 (2) By November 1 of each year, the department shall
 8 multiply the maximum standard deduction for single returns
 9 and joint returns by the inflation factor for that taxable
 10 year and round the product to the nearest \$10. The resulting
 11 adjusted deductions are effective for that taxable year and
 12 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-

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

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