SENATE BILL NO. 30

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INTRODUCED BY GOODOVER

IN THE SENATE

January 5, 1981	Introduced and referred to Committee on Taxation.		
January 6, 1981	Fiscal note requested.		
January 12, 1981	Fiscal note returned.		
February 4, 1981	Committee recommend bill do pass as amended. Report adopted.		
February 5, 1981	Bill printed and placed on members' desks.		
Pebruary 6, 1981	Second reading, do pass.		
Pebruary 7, 1981	Correctly engrossed.		
February 9, 1981	Third reading, passed. Transmitted to House.		
IN THE HOUSE			
February 10, 1981	Introduced and referred to Committee on Taxation.		
April 11, 1981	Committee recommend bill be concurred in. Report adopted.		
April 13, 1981	Second reading, concurred in.		
	On motion rules suspended and bill placed on third reading this day.		
	Third reading, concurred in. Ayes, 93; Noes, 1.		

IN THE SENATE

April 14, 1981

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Returned from House. Concurred in. Sent to enrolling.

Reported correctly enrolled.

1	SENATE DILL NO. 30
2	INTRODUCED BY GOODOVER
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4	A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE
5	INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105
c	AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND
7	PROVIDING AN SEFECTIVE DATE."
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9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10	Section 1. Section 15-30-105, MCA, is amended to read:
11	"15-30-105. Tax on nonresident alternative tax
12	based on gross sales. (1) A like tax is imposed upon every
13	person not resident of this state, which tax shell be
14	levied, collected, and paid annually at the rates specified
15	in 15-30-103 with respect to his entire net income as herein
15	defined from all property owned and from every business,
17	trade, profession, or occupation carried on in this state.
10	(2) Pursuant to the provisions of Article III, section
19	2, of the Hultistate Tax Compact, every nonresident taxpayer
20	required to file a return and whose only activity in Montana
21	consists of making sales and who does not own or rent real
2 2	estate or tangible personal property within Montanz and
23	whose annual gross volume of sales mede in Montana during
24	the taxable year does not exceed \$100,000 may elect to pay
25	an income tax of 1/2 of 1% of the dollar volume of gross

1 sales made in Montana during the taxable year. Such tax
2 shall be in lieu of the taxes tax imposed under 15-30-103
3 and-15-30-164. The gross volume of sales made in Montana
4 during the taxable year shall be determined according to the
5 provisions of Article IV, sections 18 and 17, of the
6 Hultistate Tax Compact."

7 Section 2. Section 15-30-162, MCA, is amended to read: 8 "15-30-162. Investment credit. (1) There is allowed as 9 a credit against the taxes tax imposed by 15-30-102 and 10 15-36-104 a percentage of the credit allowed with respect to 11 certain depreciable property under section 38 of the 12 Internal Revenue Code of 1954, as amended, or as section 33 13 may be renumbered or amended.

14 (2) The amount of the credit allowed for the taxable15 year is the sum of:

16 (a) 20% of the amount of credit determined under 17 section 46(a)(2) of the Internal Revenue Code of 1954, as 18 amended, or as section 46(a)(2) may be renumbered or 19 amended;

(b) the investment credit carryovers carried to the
taxable year as provided in subsection (4); and

22 (c) the investment credit carrybacks carried to the

23 taxable year as provided for in subsection (4).

24 (3) Notwithstanding the provisions of subsection (2).

25 the investment credit allowed for the taxable year may not

-2- INTRODUCED BILL

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LC 0127/01

exceed the taxpayer's tax liability for the taxable year. In 1 2 the event the taxpayer's tax ligbility for the taxable year 3 exceeds \$5,000, the investment credit may not exceed \$5,000 plus 50% of the tax liability in excess of \$5,000. In the 4 5 case of a husband and wife who file separate returns, the 6 investment credit may not exceed \$2,500 plus 50% of the tax 7 liability in excess of \$2,500 unless the spouse of the 8 taxpayer has no qualified investment for and no unused 9 credit carryback or carryover to the taxable year of the 10 spouse that ends with or within the texpayor's taxable year. 11 (4) If any part of the investment credit is not 12 applied against the tax liability for the taxable year

because of the limitations imposed under subsection (3), the unused portion shall be carried back and carried forward in accordance with the provisions of section 46(b) of the Internal Revenue Code of 1954, as amended, or as section 46(b) may be renumbered or amended.

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

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

24 Section 4. Effective date. (1) This act is effective 25 on January 1, 1982, and applies to taxable years beginning

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after December 31, 1981, unless Senate Bill 31 (LC 128),
 introduced in the 47th Legislature, is passed and eperoved.
 (2) If Senate Bill 31 (LC 128), introduced in the 47th
 Legislature, is passed and approved, this act is effective
 January 1, 1983, and applies to taxable years beginning
 after December 31, 1932.

-End-

LC 0127/01

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STATE OF MONTANA

REQUEST NO. 10-81

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>January 7</u>, 19 81, there is hereby submitted a Fiscal Note for <u>Senate Bill 30</u> 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

An act to repeal the individual income tax surtax.

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. No other changes in the laws governing the individual income tax will be enacted.

FISCAL IMPACT

Individual Income Tax Collections	FY 82	FY 83
Under current law	\$161.556 M	\$167.993 M
Under proposed law	158.733 M	152.72 0 M
Estimated Decrease	(\$ 2.823 M)	(\$ 15.273 M)
Fund Information		
General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	101.589 M	97.741 M
Estimated Decrease	(\$ 1.807 M)	(\$ 9.775 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	39.683 M	38.180 M
Estimated Decrease	(\$ 0.706 M)	(\$ 3.818 M)
Sinking Fund *		
Under current law	\$ 17.771 M	\$ 18.479 M
Under proposed law	<u>17.461 M</u>	<u>16.799 M</u>
Estimated Decrease	\$ 0.310 M)	(\$ 1.680 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 Reserve 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

	 A Assessment compared with the second se
Office of	Budget and Program Planning

Date: ____

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. _

Form BD-15

In compliance with a written request received <u>January 7</u>, 19 <u>81</u>, there is hereby submitted a Fiscal Note for <u>Senate Bill 30</u> 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.

Page 2.

LONG RANGE EFFECT

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

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR Office of Budget and Program Planning Date: ______

STATE OF MONTANA

REQUEST NO. 10-81 REVISED

FISCAL NOTE

Form BD-15

In compliance with a written request received February 4 , 19 81, there is hereby submitted a Fiscal Note for SENATE BILL 30, With Proposed Amendments 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 Logislature upon request

of the Legislature upon request.

THIS IS A REVISED FISCAL NOTE

An act to repeal the individual income tax surtax.

ASSUMPTIONS

DESCRIPTION

- 1. The introduced version of SB 30 will be amended so as to make the surtax repealer applicable to tax years beginning after 12/31/80.
- 2. The Department of Revenue forecast of individual income tax receipts for the 82-83 biennium is the basis for comparison.
- 3. The base personal exemption amount is \$800.
- 4. The proposed change will not affect expenditures of the Department of Revenue.

5. No other changes in the laws governing the individual income tax will be enacted.

FISCAL IMPACT	FY 82	FY 83
Individual Income Tax Collections		
Under current law	\$161.556 M	\$167.993 M
Under proposed law	143.953 M	152.721 M
Estimated Decrease	(\$ 17.603 M)	(\$ 15.272 M)
FUND INFORMATION		
General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	92.130 M	97.742 M
Estimated Decrease	(\$ 11.266 M)	(\$ 9.774 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	35.988 M	38.180 M
Estimated Decrease	(\$ 4.401 M)	(\$ 3.818 M)
Sinking Fund *		
Under current law	\$ 17.771 M	\$ 18.47 9 M
Under proposed law	15.835 M	16.799 M
Estimated Decrease	(\$ 1.936 M)	(\$ 1.680 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 Reserve 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 EFFECT

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

BUDGET DIRECTOR

Office of Budget and Program Planning Date: 2-- 6- 8

Approved by Committee on <u>Taxation</u>

1 SENATE BILL NO. 30 2 INTRODUCED BY GOODOVER 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE 5 INDIVIDUAL INCOME TAX SURTAX: AMENDING SECTIONS 15-30-105 AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND 6 PROVIDING AN EFFECTIVE DATE." 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: 1.2 11 "15-30-105. Tax on nonresident -- alternative tax based on gross sales. (1) A like tax is imposed upon every 12 13 person not resident of this state, which tax shall be 14 levied, collected, and paid annually at the rates specified 15 in 15-30-103 with respect to his entire net income as herein

16 defined from all property owned and from every business, 17 trade, profession, or occupation carried on in this state. 18 (2) Pursuant to the provisions of Article III, section 19 2, of the Multistate Tax Compact, every nonresident taxpayer 20 required to file a return and whose only activity in Montana 21 consists of making sales and who does not own or rent real 22 estate or tangible personal property within Montana and 23 whose annual gross volume of sales made in Montana during 24 the taxable year does not exceed \$100,000 may elect to nav 25 an income tax of 1/2 of 1% of the dollar volume of gross sales made in Montana during the taxable year. Such tax
 shall be in lieu of the taxes tax imposed under 15-30-103
 and-15-30-104. The gross volume of sales made in Montana
 during the taxable year shall be determined according to the
 provisions of Article IV, sections 16 and 17, of the
 Multistate Tax Compact."

7 Section 2. Section 15-30-162, MCA, is amended to read: 8 *15-30-162. Investment credit. (1) There is allowed as 9 a credit against the taxes tax imposed by 15-30-103 and 10 ±5-30-±04 a percentage of the credit allowed with respect to 11 certain depreciable property under section 38 of the 12 Internal Revenue Code of 1954, as amended, or as section 38 13 may be renumbered or amended.

14 (2) The amount of the credit allowed for the taxable15 year is the sum of:

16 (a) 20% of the amount of credit determined under 17 section 46(a)(2) of the Internal Revenue Code of 1954, as 18 amended, or as section 46(a)(2) may be renumbered or 19 amended;

20 {b) the investment credit carryovers carried to the 21 taxable year as provided in subsection (4); and

22 (c) the investment credit carrybacks carried to the23 taxable year as provided for in subsection (4).

24 (3) Notwithstanding the provisions of subsection (2),25 the investment credit allowed for the taxable year may not

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SECOND READING

\$3.30

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exceed the taxpayer's tax liability for the taxable year. In 1 2 the event the taxpayer's tax liability for the taxable year 3 exceeds \$5,000, the investment credit may not exceed \$5,000 4 plus 50% of the tax liability in excess of \$5,000. In the 5 case of a husband and wife who file separate returns, the investment cradit may not exceed \$2,500 plus 50% of the tax 6 7 liability in excess of \$2,500 unless the spouse of the taxpayer has no qualified investment for and no unused 8 9 credit carryback or carryover to the taxable year of the 10 spouse that ends with or within the taxpayer's taxable year. 11 (4) If any part of the investment credit is not 12 applied against the tax liability for the taxable year 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 16 Internal Revenue Code of 1954, as amended, or as section 17 46(b) may be renumbered or amended.

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

22 Section 3. Repealer. Section 15-30-104, MCA, is 23 repealed.

24 Section 4. Effective date. (1) This act is effective 25 on January 1, 1982 1981, and applies to taxable years

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SB 30

SP 0030/02

beginning after December 31, 1981 1980, unless Senate Bill
 31 (LC 128), introduced in the 47th Legislature, is passed
 and approved.

4 (2) If Senate Bill 31 (LC 128), introduced in the 47th
5 Legislature, is passed and approved, this act is effective
6 January 1, 1983, and applies to taxable years beginning
7 after December 31, 1982.

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-End-

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SENATE BILL NO. 30 3 2 INTRODUCED BY GOODOVER 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL THE 4 INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105 5 AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND 6 7 PROVIDING AN EFFECTIVE DATE." 8 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MUNTANA: 10 Section 1. Section 15-30-105, MCA, is amended to read: 11 "15-30-105. Tax on nonresident -- alternative tax 12 based on gross sales. (1) A like tax is imposed upon every 13 person not resident of this state, which tax shall be 14 levied, collected, and paid annually at the rates specified 15 in 15-30-103 with respect to his entire net income as herein 16 defined from all property owned and from every business, 17 trade, profession, or occupation carried on in this state. 19 (2) Pursuant to the provisions of Article III, section 2. of the Multistate Tax Compact, every nonresident taxpayer 19 20 required to file a return and whose only activity in Montana 21 consists of making sales and who does not own or rent real 22 estate or tangible personal property within Montana and 23 whose annual gross volume of sales made in Montana during 24 the taxable year does not exceed \$100,000 may elect to pay 25 an income tax of 1/2 of 1% of the dollar volume of gross

sales made in Montana during the taxable year. Such tax
 shall be in lieu of the taxes tax imposed under 15-30-103
 and-15-30-104. The gross volume of sales made in Montana
 during the taxable year shall be determined according to the
 provisions of Article IV, sections 16 and 17, of the
 Multistate Tax Compact.*

7 Section 2. Section 15-30-162, MCA, is amended to read: 8 *15-30-162. Investment credit. (1) There is allowed as 9 a credit against the taxes tax imposed by 15-30-103 and 10 ±5-30-104 a percentage of the credit allowed with respect to 11 certain depreciable property under section 38 of the 12 Internal Revenue Code of 1954, as amended, or as section 38 13 may be renumbered or amended.

14 (2) The amount of the credit allowed for the taxable 15 year is the sum of:

16 (a) 20% of the amount of credit determined under 17 section 46(a)(2) of the Internal Revenue Code of 1954, as 18 amended; or as section 46(a)(2) may be renumbered or 19 amended;

20 (b) the investment credit carryovers carried to the21 taxable year as provided in subsection (4); and

(c) the investment credit carrybacks carried to thetaxable year as provided for in subsection (4).

24 (3) Notwithstanding the provisions of subsection (2)+
25 the investment credit allowed for the taxable year may not

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S3 30

THIRD READING

58 0030/02

Ł exceed the taxpayer's tax liability for the taxable year. In 2 the event the taxpayer's tax liability for the taxable year 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 5 case of a husband and wife who file separate returns, the investment credit may not exceed \$2,500 plus 50% of the tax 6 7 liability in excess of \$2,500 unless the spouse of the 8 taxpayer has no qualified investment for and no unused 9 credit carryback or carryover to the taxable year of the spouse that ends with or within the taxpayer's taxable year. 10 11 (4) If any part of the investment credit is not 12 applied against the tax liability for the taxable year 13 because of the limitations imposed under subsection (3), the 14 unused portion shall be carried back and carried forward in accordance with the provisions of section 46(b) of the 15 Internal Revenue Code of 1954, as amended, or as section 16 17 46(b) may be renumbered or amended.

18 (5) The investment credit allowed by this section is
19 subject to recapture as provided for in section 47 of the
20 Internal Revenues Code of 1954, as amendea, or as section 47
21 may: be renumbered, or amended.⁴⁴

22 Section 3. Repealer. Section 15-30-104. MCA. is 23 repealed.

24 Section 4. Effective date. (1) This act is effective 25 on January 1. 1982 1981, and applies to taxable years

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SB 30

beginning after December 31+ ±98± 1980, unless Senate Bill
 31 (LC 128), introduced in the 47th Legislature, is passed
 and approved.

4 (2) If Senate Bill 31 (LC 128), introduced in the 47th
5 Legislature, is passed and approved, this act is effective
6 January 1, 1983, and applies to taxable years beginning
7 after December 31, 1982.

-End-

SE 0030702

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SB 0030/02

1	SENATE BILL NO. 30	1	sales made in Montana during the taxable year. Such tax
2	INTRODUCED BY GODDOVER	2	shall be in lieu of the taxes <u>tax</u> imposed under 15-30-103
3		3	and-15-30-104. The gross volume of sales made in Montana
4	A BILL FOR AN ACT ENTITLED: MAN ACT TO REPEAL THE	4	during the taxable year shall be determined according to the
5	INDIVIDUAL INCOME TAX SURTAX; AMENDING SECTIONS 15-30-105	5	provisions of Article IV, sections 16 and 17, of the
6	AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND	6	Multistate Tax Compact."
7	PROVIDING AN EFFECTIVE DATE."	7	Section 2. Section 15-30-162, MCA, is amended to read:
8		8	"15-30-162. Investment credit. (1) There is allowed as
9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	9	a credit against the taxes <u>tax</u> imposed by 15-30-103 and
10	Section 1. Section 15-30-105, MCA, is amended to read:	10	15-30-104 a percentage of the credit allowed with respect to
11	"15-30-105. Tax on nonresident alternative tax	11	certain depreciable property under section 38 of the
12	based on gross sales. (1) A like tax is imposed upon every	12	Internal Revenue Code of 1954, as amended, or as section 38
13	person not resident of this state, which tax shall be	13	may be renumbered or amended.
14	levied, collected, and paid annually at the rates specified	14	(2) The amount of the credit allowed for the taxable
15	in 15-30-103 with respect to his entire net income as herein	15	year is the sum of:
16	defined from all property owned and from every business,	16	(a) 20% of the amount of credit determined under
17	trade, profession, or occupation carried on in this state.	17	section 46(a)(2) of the Internal Revenue Code of 1954, as
18	(2) Pursuant to the provisions of Article III, section	18	amended, or as section 46(a)(2) may be renumbered or
19	2, of the Multistate Tax Compact, every nonresident taxpayer	19	amended;
20	required to file a return and whose only activity in Montana	20	(b) the investment credit carryovers carried to the
21	consists of making sales and who does not own or rent real	21	taxable year as provided in subsection (4); and
22	estate or tangible personal property within Montana and	22	(c) the investment credit carrybacks carried to the
23	whose annual gross volume of sales made in Montana during	23	taxable year as provided for in subsection (4).
24	the taxable year does not exceed \$100,000 may elect to pay	24	[3] Notwithstanding the provisions of subsection (2)+
25	an income tax of 1/2 of 1% of the dollar volume of gross	25	the investment credit allowed for the taxable year may not
			-2- SB 30

REFERENCE BILL

exceed the taxpayer's tax liability for the taxable year. In 1 2 the event the taxpayer's tax liability for the taxable year 3 exceeds \$5,000, the investment credit may not exceed \$5,000 plus 50% of the tax liability in excess of \$5,000. In the 4 5 case of a husband and wife who file separate returns, the 6 investment credit may not exceed \$2,500 plus 50% of the tax liability in excess of \$2,500 unless the spouse of the 7 taxpayer has no qualified investment for and no unused 8 9 credit carryback or carryover to the taxable year of the spouse that ends with or within the taxpayer's taxable year. 10 (4) If any part of the investment credit is not 11 12 applied against the tax liability for the taxable year because of the limitations imposed under subsection (3), the 13 unused portion shall be carried back and carried forward in 14 15 accordance with the provisions of section 46(b) of the 16 Internal Revenue Code of 1954, as amended, or as section 17 46(b) may be renumbered or amended.

18 (5) The investment credit allowed by this section is
19 subject to recapture as provided for in section 47 of the
20 Internal Revenue Code of 1954, as amended, or as section 47
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22 Section 3. Repealer. Section 15-30-104. MCA. is 23 repealed.

24 Section 4. Effective date. (1) This act is effective 25 on January 1, 1982 1981, and applies to taxable years 1 beginning after December 31, 1981 1980, unless Senate Bill

- 2 31 (LC--128), introduced in the 47th Legislature, is passed 3 and approved.
- 4 (2) If Senate Bill 31 (LE-128), introduced in the 47th
- 5 Legislature, is passed and approved, this act is effective
 6 January 1, 1983, and applies to taxable years beginning
 - after December 31, 1982.

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-End-

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SB 30

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