

SENATE BILL NO. 30  
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.
February 6, 1981	Second reading, do pass.
February 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

Returned from House. Concurred  
in. Sent to enrolling.

Reported correctly enrolled.

1                     SENATE BILL 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  
6 AND 15-30-162, MCA; REPEALING SECTION 15-30-104, MCA; AND  
7 PROVIDING AN EFFECTIVE 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 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 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 16 and 17, of the  
6 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 ~~15-30-104~~ a percentage of the credit allowed with respect to  
11 certain depreciable property under section 39 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 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 the  
21 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

1 exceed the taxpayer's tax liability for the taxable year. In  
 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  
 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  
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11 (4) If any part of the investment credit is not  
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 13 because of the limitations imposed under subsection (3), the  
 14 unused portion shall be carried back and carried forward in  
 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, and applies to taxable years beginning

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

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

-End-

STATE OF MONTANA

REQUEST NO. 10-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 30 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	<u>158.733 M</u>	<u>152.720 M</u>
Estimated Decrease	(\$ 2.823 M)	(\$ 15.273 M)

Fund Information

General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>101.589 M</u>	<u>97.741 M</u>
Estimated Decrease	(\$ 1.807 M)	(\$ 9.775 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>39.683 M</u>	<u>38.180 M</u>
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

Office of Budget and Program Planning

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

STATE OF MONTANA

REQUEST NO. \_\_\_\_\_

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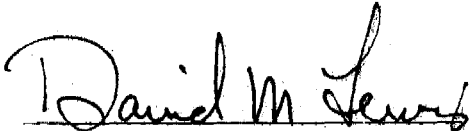
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Page 2.

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: 1-10-81

## 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 Legislature upon request.

THIS IS A REVISED FISCAL NOTEDESCRIPTION

An act to repeal the individual income tax surtax.

ASSUMPTIONS

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	<u>143.953 M</u>	<u>152.721 M</u>
Estimated Decrease	(\$ 17.603 M)	(\$ 15.272 M)

FUND INFORMATION

## General Fund

Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>92.130 M</u>	<u>97.742 M</u>
Estimated Decrease	(\$ 11.266 M)	(\$ 9.774 M)

## Earmarked Revenue Fund

Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>35.988 M</u>	<u>38.180 M</u>
Estimated Decrease	(\$ 4.401 M)	(\$ 3.818 M)

## Sinking Fund \*

Under current law	\$ 17.771 M	\$ 18.479 M
Under proposed law	<u>15.835 M</u>	<u>16.799 M</u>
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.

*David M Lewis*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-8-81

Approved by Committee  
on Taxation

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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.

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  
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24 the taxable year does not exceed \$100,000 may elect to pay  
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22 Section 3. Repealer. Section 15-30-104, MCA, is  
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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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 2 31 (LC 128), introduced in the 47th Legislature, is passed  
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