

Senate Bill 44

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.
March 24, 1981	Committee recommend bill do not pass.
March 25, 1981	Bill printed and placed on members' desks.
March 26, 1981	Second reading do pass.
March 27, 1981	Correctly engrossed.
March 28, 1981	Third reading passed.

In The House

March 30, 1981	Introduced and referred to Committee on Taxation.
April 23, 1981	Died in Committee.

1 SENATE BILL NO. 44
2 INTRODUCED BY ELLIOTT

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO RAISE THE INDIVIDUAL
5 INCOME TAX EXEMPTION FROM \$800 TO \$1,000; AMENDING SECTION
6 15-30-112, MCA."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 15-30-112, MCA, is amended to read:
10 "15-30-112. Exemptions. (1) Except as provided in
11 subsection (7), in the case of an individual, the exemptions
12 provided by subsections (2) through (6) shall be allowed as
13 deductions in computing taxable income.

14 (2) (a) An exemption of ~~\$800~~ \$1,000 shall be allowed
15 for taxable years beginning after December 31, ~~1970~~ 1980,
16 for the taxpayer.

17 (b) An additional exemption of ~~\$800~~ \$1,000 shall be
18 allowed for taxable years beginning after December 31, ~~1970~~
19 1980, for the spouse of the taxpayer if a separate return is
20 made by the taxpayer and if the spouse, for the calendar
21 year in which the taxable year of the taxpayer begins, has
22 no gross income and is not the dependent of another
23 taxpayer.

24 (3) (a) An additional exemption of ~~\$800~~ \$1,000 shall be
25 allowed for taxable years beginning after December 31, ~~1970~~

1 1980, for the taxpayer if he has attained the age of 65
2 before the close of his taxable year.

3 (b) An additional exemption of ~~\$800~~ \$1,000 shall be
4 allowed for taxable years beginning after December 31, ~~1970~~
5 1980, for the spouse of the taxpayer if a separate return is
6 made by the taxpayer and if the spouse has attained the age
7 of 65 before the close of such taxable year and, for the
8 calendar year in which the taxable year of the taxpayer
9 begins, has no gross income and is not the dependent of
10 another taxpayer.

11 (4) (a) An additional exemption of ~~\$800~~ \$1,000 shall be
12 allowed for taxable years beginning after December 31, ~~1970~~
13 1980, for the taxpayer if he is blind at the close of his
14 taxable year.

15 (b) An additional exemption of ~~\$800~~ \$1,000 shall be
16 allowed for taxable years beginning after December 31, ~~1970~~
17 1980, for the spouse of the taxpayer if a separate return is
18 made by the taxpayer and if the spouse is blind and, for the
19 calendar year in which the taxable year of the taxpayer
20 begins, has no gross income and is not the dependent of
21 another taxpayer. For the purposes of this subsection
22 (4)(b), the determination of whether the spouse is blind
23 shall be made as of the close of the taxable year of the
24 taxpayer, except that if the spouse dies during such taxable
25 year, such determination shall be made as of the time of

1 such death.

2 (c) For purposes of this subsection (4), an individual
3 is blind only if his central visual acuity does not exceed
4 20/200 in the better eye with correcting lenses or if his
5 visual acuity is greater than 20/200 but is accompanied by a
6 limitation in the fields of vision such that the widest
7 diameter of the visual field subtends an angle no greater
8 than 20 degrees.

9 (5) (a) An exemption of ~~\$600~~ \$1,000 shall be allowed
10 for taxable years beginning after December 31, ~~1978~~ 1980,
11 for each dependent:

12 (i) whose gross income for the calendar year in which
13 the taxable year of the taxpayer begins is less than ~~\$600~~
14 \$1,000; or

15 (ii) who is a child of the taxpayer and who:

16 (A) has not attained the age of 19 years at the close
17 of the calendar year in which the taxable year of the
18 taxpayer begins; or

19 (B) is a student.

20 (b) No exemption shall be allowed under this subsection
21 for any dependent who has made a joint return with his
22 spouse for the taxable year beginning in the calendar year
23 in which the taxable year of the taxpayer begins.

24 (c) For purposes of subsection (5)(a)(ii), the term
25 "child" means an individual who is a son, stepson, daughter,

1 or stepdaughter of the taxpayer.

2 (d) For purposes of subsection (5)(a)(ii)(B), the term
3 "student" means an individual who, during each of 5 calendar
4 months during the calendar year in which the taxable year of
5 the taxpayer begins:

6 (i) is a full-time student at an educational
7 institution; or

8 (ii) is pursuing a full-time course of institutional
9 on-farm training under the supervision of an accredited
10 agent of an educational institution or of a state or
11 political subdivision of a state. For purposes of this
12 subsection (5)(d)(ii), the term "educational institution"
13 means only an educational institution which normally
14 maintains a regular faculty and curriculum and normally has
15 a regularly organized body of students in attendance at the
16 place where its educational activities are carried on.

17 (6) In the case of a nonresident taxpayer, the
18 exemption deduction shall be prorated according to the ratio
19 the taxpayer's Montana adjusted gross income bears to his
20 federal adjusted gross income.

21 (7) For taxable years beginning after December 31,
22 1978, and before January 1, 1981, the amount allowed as a
23 deduction in subsections (2) through (6) shall be adjusted
24 as provided under section 9, Chapter 698, Laws of 1979."

-End-

STATE OF MONTANA

REQUEST NO. 15-81

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 44 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 raise the individual income tax exemption from \$800 to \$1000.

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. The inflation rates used for indexation will be 10% in 1981, 9.5% in 1982, and 9% in 1983.

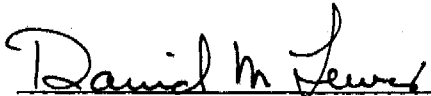
FISCAL IMPACT

Individual Income Tax Receipts	FY 82	FY 83
Under current law	\$161.556 M	\$167.993 M
Under proposed law	<u>147.823 M</u>	<u>154.736 M</u>
Estimated Decrease	(\$ 13.733 M)	(\$ 13.257 M)

FUND INFORMATION

General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>94.607 M</u>	<u>99.031 M</u>
Estimated Decrease	(\$ 8.789 M)	(\$ 8.485 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>36.956 M</u>	<u>38.684 M</u>
Estimated Decrease	(\$ 3.433 M)	(\$ 3.314 M)
Sinking Fund *		
Under current law	\$ 17.771 M	\$ 18.479 M
Under proposed law	<u>16.261 M</u>	<u>17.021 M</u>
Estimated Decrease	(\$ 1.510 M)	(\$ 1.458 M)

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



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-81

STATE OF MONTANA

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EFFECT ON LOCAL REVENUE

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

The fiscal impact of this proposal upon income tax liabilities increases exponentially with time. It is expected that the fiscal impact upon FY84 receipts would be a \$14.8 million reduction, and in FY85 the collections would be reduced by \$15.9 million.

PREPARED BY THE DEPARTMENT OF REVENUE

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____

STATE OF MONTANA

15-81
REQUEST NO. ~~REVISED~~

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, 19 81, there is hereby submitted a Fiscal Note for SENATE BILL 44 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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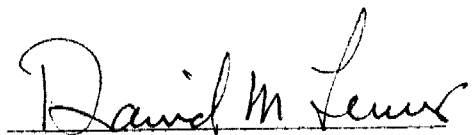
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TECHNICAL NOTE

This revision of the original Fiscal Note #15-81 was necessitated by the discovery of an error in the method used to account for refunds which would be paid out during FY 82 for excessive withholding or estimated tax payment received during FY 81 for calendar year 1981.

PREPARED BY THE DEPARTMENT OF REVENUE



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-23-81

STATE OF MONTANA

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REVISED

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2. The base personal exemption amount is \$800.
3. The proposed change will not affect expenditures of the Department of Revenue.
4. The inflation rates used for indexation will be 10% in 1981, 9.5% in 1982, and 9% in 1983.

FISCAL IMPACT

	FY 82	FY 83
Individual Income Tax Receipts		
Under current law	\$161.556 M	\$167.993 M
Under proposed law	<u>149.888 M</u>	<u>154.736 M</u>
Estimated Decrease	(\$ 11.668 M)	(\$ 13.257 M)

FUND INFORMATION

General Fund		
Under current law	\$103.396 M	\$107.516 M
Under proposed law	<u>95.928 M</u>	<u>99.031 M</u>
Estimated Decrease	(\$ 7.468 M)	(\$ 8.485 M)
Earmarked Revenue Fund		
Under current law	\$ 40.389 M	\$ 41.998 M
Under proposed law	<u>37.472 M</u>	<u>38.684 M</u>
Estimated Decrease	(\$ 2.917 M)	(\$ 3.314 M)
Sinking Fund *		
Under current law	\$ 17.771 M	\$ 18.479 M
Under proposed law	<u>16.488 M</u>	<u>17.021 M</u>
Estimated Decrease	(\$ 1.283 M)	(\$ 1.458 M)

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

Continued on Page 2.

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Office of Budget and Program Planning

Date: _____

Approved by Committee
on Taxation

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22 no gross income and is not the dependent of another
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24 (3) (a) An additional exemption of ~~\$800~~ \$1,000 shall be
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1 1980, for the taxpayer if he has attained the age of 65
2 before the close of his taxable year.

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11 (4) (a) An additional exemption of ~~\$800~~ \$1,000 shall be
12 allowed for taxable years beginning after December 31, ~~1978~~
13 1980, for the taxpayer if he is blind at the close of his
14 taxable year.

15 (b) An additional exemption of ~~\$800~~ \$1,000 shall be
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21 another taxpayer. For the purposes of this subsection
22 (4)(b), the determination of whether the spouse is blind
23 shall be made as of the close of the taxable year of the
24 taxpayer, except that if the spouse dies during such taxable
25 year, such determination shall be made as of the time of

-2- SECOND READING
 SB 44

1 such death.

2 (c) For purposes of this subsection (4), an individual
3 is blind only if his central visual acuity does not exceed
4 20/200 in the better eye with correcting lenses or if his
5 visual acuity is greater than 20/200 but is accompanied by a
6 limitation in the fields of vision such that the widest
7 diameter of the visual field subtends an angle no greater
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17 of the calendar year in which the taxable year of the
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19 (B) is a student.

20 (b) No exemption shall be allowed under this subsection
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22 spouse for the taxable year beginning in the calendar year
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24 (c) For purposes of subsection (5)(a)(ii), the term
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2 (d) For purposes of subsection (5)(a)(ii)(B), the term
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