

HOUSE BILL NO. 264

INTRODUCED BY MCBRIDE, MOHAR, MARBUT, B. BROWN, J. JENSEN,
METCALF, ASAY, FABREGA, VELEBER, D. BROWN, PAVLOVICH,
J. HAMMOND, HAND, BERTELSEN, REAM, ADDY, J. BROWN, KADAS,
NEUMAN, BERGENE, NISBET, BRAND, DARKO, HARPER, SCHYE,
VINCENT, FAGG, ABRAMS, SAUNDERS, KEENAN, DOZIER, SPAETH,
IVERSON, MAZUREK, KEMMIS, DRISCOLL, BERG, DOVER

BY REQUEST OF THE DEPARTMENT OF
NATURAL RESOURCES AND CONSERVATION

IN THE HOUSE

January 15, 1983	Introduced and referred to Committee on Taxation.
January 26, 1983	Committee recommend bill do pass. Report adopted.
January 27, 1983	Bill printed and placed on members' desks.
January 28, 1983	Second reading, do pass as amended.
January 29, 1983	Correctly engrossed.
January 31, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 1, 1983	Introduced and referred to Committee on Taxation.
March 3, 1983	Committee recommend bill be concurred in. Report adopted.
March 4, 1983	On motion, taken from second reading and rereferred to Committee on Taxation.
March 9, 1983	Committee recommend bill be concurred in as amended. Report adopted.

March 11, 1983

Second reading, concurred in.

March 14, 1983

Third reading, concurred in.
Ayes, 36; Noes, 13.

IN THE HOUSE

March 14, 1983

Returned to House with
amendments.

March 30, 1983

Second reading, amendments
concurred in.

March 31, 1983

Third reading, amendments
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1 J. Jensen

House BILL NO. 264

2 INTRODUCED BY McBride McLean McLure Bob Brown
 3 Mitcall Alan BY REQUEST OF THE DEPARTMENT OF Tim Savage
 4 Veblen Gene Gran Palmer Hammond Hard
 5 Bertelsen J. Brown Kedoo Bergne Hege Schuy
 6 Ream Neuman Nickel Brand Darko Vincent
 7 A BILL FOR AN ACT ENTITLED: "AN ACT TO RENEW THE TAX CREDIT
 8 FOR INSTALLING ALTERNATIVE ENERGY SYSTEMS; AMENDING SECTION
 15-32-201, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

11 Section 1. Section 15-32-201, MCA, is amended to read:
 12 "15-32-201. Amount of credit -- to whom available. A
 13 resident individual taxpayer who completes installation of
 14 an energy system using a recognized nonfossil form of energy
 15 generation, as defined in 15-32-102, in such taxpayer's
 16 principal dwelling prior to December 31, 1982, or who
 17 acquires title to a dwelling prior to December 31, 1982,
 18 which dwelling is to be used as the taxpayer's principal
 19 dwelling and is equipped with an energy system for which the
 20 credit allowed by this part has never been claimed, is
 21 entitled to claim a tax credit in an amount equal to 10% of
 22 the first \$1,000 and 5% of the next \$3,000 of the cost of
 23 such system, including installation costs, less grants
 24 received or, if the federal government provides for a tax
 25 credit substantially similar in kind (not in amount), then a

1 tax credit in an amount equal to 5% of the first \$1,000 and
 2 2 1/2% of the next \$3,000 of the cost of such system,
 3 including installation costs, less grants received against
 4 the income tax liability imposed against such taxpayer
 5 pursuant to chapter 30."

6 NEW SECTION. Section 2. Applicability. This act
 7 applies to taxable years beginning after December 31, 1982.

-End-

STATE OF MONTANA

REQUEST NO. 151-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 18, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 264 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 OF PROPOSED LEGISLATION:

House Bill 264 renews the tax credit for installing alternative energy systems and provides an applicability date.

ASSUMPTIONS:

- 1) Calendar year 1981 data - Number of returns claiming credit = 1010, Amount \$83,572.
- 2) Calendar year 1983 data corresponds to FY 84, and CY 84 to FY 85.
- 3) 20% increase per year in number of returns claiming credit (FY 84 - 1454, FY 85 - 1745).
- 4) Average credit amount of \$85.
- 5) Distribution of Individual Income Tax: General Fund - 64%, Earmarked Revenue Fund - 25%, Sinking Fund - 11%.

FISCAL IMPACT:

	<u>FY 1984</u>	<u>FY 1985</u>
Individual Income Tax		
Under Current Law	\$166.427 M	\$175.459 M
Under Proposed Law	166.303 M	175.311 M
Estimated Decrease	<u>\$ (0.124 M)</u>	<u>\$ (0.148 M)</u>
General Fund		
Under Current Law	\$106.513 M	\$112.294 M
Under Proposed Law	106.434 M	112.199 M
Estimated Decrease	<u>\$ (0.079 M)</u>	<u>\$ (0.095 M)</u>
Earmarked Revenue Fund		
Under Current Law	\$ 41.607 M	\$ 43.865 M
Under Proposed Law	41.576 M	43.828 M
Estimated Decrease	<u>\$ (0.031 M)</u>	<u>\$ (0.037 M)</u>
Sinking Fund		
Under Current Law	\$ 18.307 M	\$ 19.300 M
Under Proposed Law	18.293 M	19.284 M
Estimated Decrease	<u>\$ (0.014 M)</u>	<u>\$ (0.016 M)</u>

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The proposed legislation should decrease individual income tax revenues by approximately \$150,000 for each subsequent fiscal year.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-21-83

Approved by Committee
on Taxation

1 *J. Jensen* *House* BILL NO. *264*
2 INTRODUCED BY *McBride* *McLean* *McIntosh* *Bob Brown*
3 *Metcalfe* *Asan* BY REQUEST OF THE DEPARTMENT OF *La Forge*
4 *Velber* *Erne* *Cham* *Palmt* *Honorable* *Hard*
5 *Bartelme* *Reagan* *J. Brown* *Kedoo* *Bergne* *Haeger* *Schye*
6 *Adley* *Neuman* *Nisbett* *Brand* *Carbo* *Vincent*
7 A BILL FOR AN ACT ENTITLED: "AN ACT TO RENEW THE TAX CREDIT
8 FOR INSTALLING ALTERNATIVE ENERGY SYSTEMS; AMENDING SECTION *Spack*
9 15-32-201, MCA; AND PROVIDING AN APPLICABILITY DATE." *Therrell* *Remmus* *Driscoll* *Berg* *Don*

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Section 15-32-201, MCA, is amended to read:
12 "15-32-201. Amount of credit -- to whom available. A
13 resident individual taxpayer who completes installation of
14 an energy system using a recognized nonfossil form of energy
15 generation, as defined in 15-32-102, in such taxpayer's
16 principal dwelling prior to ~~December 31, 1982~~, or who
17 acquires title to a dwelling prior to ~~December 31, 1982~~,
18 which dwelling is to be used as the taxpayer's principal
19 dwelling and is equipped with an energy system for which the
20 credit allowed by this part has never been claimed, is
21 entitled to claim a tax credit in an amount equal to 10% of
22 the first \$1,000 and 5% of the next \$3,000 of the cost of
23 such system, including installation costs, less grants
24 received or, if the federal government provides for a tax
25 credit substantially similar in kind (not in amount), then a

1 tax credit in an amount equal to 5% of the first \$1,000 and
2 2 1/2% of the next \$3,000 of the cost of such system,
3 including installation costs, less grants received against
4 the income tax liability imposed against such taxpayer
5 pursuant to chapter 30."
6 NEW SECTION. Section 2. Applicability. This act
7 applies to taxable years beginning after December 31, 1982.

-End-

SECOND READING

HOUSE BILL NO. 264

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 BY REQUEST OF THE DEPARTMENT OF
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A BILL FOR AN ACT ENTITLED: "AN ACT TO RENEW THE TAX CREDIT
 FOR INSTALLING ALTERNATIVE ENERGY SYSTEMS; AMENDING SECTION
 15-32-201, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-32-201, MCA, is amended to read:

"15-32-201. Amount of credit -- to whom available. A
 resident individual taxpayer who completes installation of
 an energy system using a recognized nonfossil form of energy
 generation, as defined in 15-32-102, in such taxpayer's
 principal dwelling prior to ~~December 31, 1982~~, PRIOR TO
DECEMBER 31, 1986, or who acquires title to a dwelling prior
 to ~~December 31, 1982~~ PRIOR TO DECEMBER 31, 1986, which
 dwelling is to be used as the taxpayer's principal dwelling
 and is equipped with an energy system for which the credit

allowed by this part has never been claimed, is entitled to
 claim a tax credit in an amount equal to 10% of the first
 \$1,000 and 5% of the next \$3,000 of the cost of such system,
 including installation costs, less grants received or, if
 the federal government provides for a tax credit
 substantially similar in kind (not in amount), then a tax
 credit in an amount equal to 5% of the first \$1,000 and
 2 1/2% of the next \$3,000 of the cost of such system,
 including installation costs, less grants received against
 the income tax liability imposed against such taxpayer
 pursuant to chapter 30."

NEW SECTION. Section 2. Applicability. This act
 applies to taxable years beginning after December 31, 1982.

-End-

March 9, 1983

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 264 be amended as follows:

1. Page 2, line 12.

Following: line 11

Insert: "NEW SECTION. Section 2. Amount of credit -- to whom available. (1) A resident individual taxpayer who completes installation of an energy system using a recognized nonfossil form of energy generation, as defined in 15-32-102, in such taxpayer's principal dwelling prior to December 31, 1986, or who acquires title to a dwelling prior to December 31, 1986, which dwelling is to be used as the taxpayer's principal dwelling and is equipped with an energy system for which the credit allowed by this part has never been claimed, is entitled to claim a tax credit in an amount equal to 10% of the first \$1,000 and 5% of the next \$3,000 of the cost of such system, including installation costs, less grants received or, if the federal government provides for a tax credit substantially similar in kind (not in amount), then a

tax credit in an amount equal to 5% of the first \$1,000 and 2 1/2% of the next \$3,000 of the cost of such system, including installation costs, less grants received against the income tax liability imposed against such taxpayer pursuant to chapter 30.

(2) If a credit is claimed under subsection (1) it may not also be claimed under [SB 283].

NEW SECTION. Section 3. Taxable years in which credit may be claimed -- carry-over. The tax credit is to be deducted from the taxpayer's income tax liability for the taxable year in which the energy system was acquired by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. Notwithstanding the foregoing provision, no tax credit may be carried over for deduction after the fourth taxable year succeeding the taxable year in which the energy system was acquired.

NEW SECTION. Section 4. Codification instruction. Sections 2 and 3 are intended to be codified as an integral part of Title 15, chapter 32, part 2 and the provisions of Title 15, chapter 32, part 2 apply to sections 2 and 3.

NEW SECTION. Section 5. Coordination. (1) If SB 283 is passed and approved, including the section that repeals 15-32-201 and 15-32-202, MCA, then sections 2, 3, and 4 of this act are effective.

(2) If SB 283 is not passed and approved or if passed and approved it does not repeal 15-32-201 and 15-32-202, MCA, then sections 2, 3, and 4 of this act are not effective."

Renumber: subsequent sections.

HOUSE BILL NO. 264

INTRODUCED BY MCBRIDE, MOHAR, MARBUT, B. BROWN, J. JENSEN,
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BY REQUEST OF THE DEPARTMENT OF
NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO RENEW THE TAX CREDIT
FOR INSTALLING ALTERNATIVE ENERGY SYSTEMS; AMENDING SECTION
15-32-201, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-32-201, MCA, is amended to read:

"15-32-201. Amount of credit -- to whom available. A
resident individual taxpayer who completes installation of
an energy system using a recognized nonfossil form of energy
generation, as defined in 15-32-102, in such taxpayer's
principal dwelling prior to ~~December 31, 1982~~, PRIOR TO
DECEMBER 31, 1986, or who acquires title to a dwelling prior
~~to December 31, 1982~~ PRIOR TO DECEMBER 31, 1986, which
dwelling is to be used as the taxpayer's principal dwelling
and is equipped with an energy system for which the credit

allowed by this part has never been claimed, is entitled to
claim a tax credit in an amount equal to 10% of the first
\$1,000 and 5% of the next \$3,000 of the cost of such system,
including installation costs, less grants received or, if
the federal government provides for a tax credit
substantially similar in kind (not in amount), then a tax
credit in an amount equal to 5% of the first \$1,000 and
2 1/2% of the next \$3,000 of the cost of such system,
including installation costs, less grants received against
the income tax liability imposed against such taxpayer
pursuant to chapter 30."

THERE IS A NEW MCA SECTION THAT READS:

Section 2. Amount of credit -- to whom available. (1)
A resident individual taxpayer who completes installation of
an energy system using a recognized nonfossil form of energy
generation, as defined in 15-32-102, in such taxpayer's
principal dwelling prior to December 31, 1986, or who
acquires title to a dwelling prior to December 31, 1986,
which dwelling is to be used as the taxpayer's principal
dwelling and is equipped with an energy system for which the
credit allowed by this part has never been claimed, is
entitled to claim a tax credit in an amount equal to 10% of
the first \$1,000 and 5% of the next \$3,000 of the cost of
such system, including installation costs, less grants
received or, if the federal government provides for a tax

credit substantially similar in kind (not in amount), then a tax credit in an amount equal to 5% of the first \$1,000 and 2 1/2% of the next \$3,000 of the cost of such system, including installation costs, less grants received against the income tax liability imposed against such taxpayer pursuant to chapter 30.

(2) If a credit is claimed under subsection (1) it may not also be claimed under [SB 283].

THERE IS A NEW MCA SECTION THAT READS:

Section 3. Taxable years in which credit may be claimed -- carryover. The tax credit is to be deducted from the taxpayer's income tax liability for the taxable year in which the energy system was acquired by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount which exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. Notwithstanding the foregoing provision, no tax credit may be carried over for deduction after the fourth taxable year succeeding the taxable year in which the energy system was acquired.

SECTION 4. CODIFICATION INSTRUCTION. SECTIONS 2 AND 3 ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 32, PART 2, AND THE PROVISIONS OF TITLE 15, CHAPTER

32, PART 2, APPLY TO SECTIONS 2 AND 3.

SECTION 5. COORDINATION INSTRUCTION. (1) IF SB 283 IS PASSED AND APPROVED, INCLUDING THE SECTION THAT REPEALS 15-32-201 AND 15-32-202, THEN SECTIONS 2, 3, AND 4 OF THIS ACT ARE EFFECTIVE.

(2) IF SB 283 IS NOT PASSED AND APPROVED OR IF PASSED AND APPROVED IT DOES NOT REPEAL 15-32-201 AND 15-32-202, THEN SECTIONS 2, 3, AND 4 OF THIS ACT ARE NOT EFFECTIVE.

NEW SECTION. Section 6. Applicability. This act applies to taxable years beginning after December 31, 1982.

-End-