

HOUSE BILL NO. 354

Introduced: 01/19/83

Referred to Committee on Taxation: 01/19/83

Hearing: 2/1/83

Died in Committee

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

Section 1. Section 4, Chapter 520, Laws of 1981, is amended to read:

"Section 4. Applicability. This act is applicable only to taxable years beginning after December 31, 1980, ~~and before January 1, 1983.~~"

INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 287-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 31, 19 83, there is hereby submitted a Fiscal Note for House Bill 354 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 OF PROPOSED LEGISLATION:

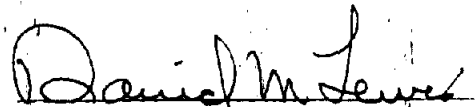
House Bill 354 makes permanent the clarifications of the small business investment credit statutes and the temporary increase in the small business investment credit enacted by the 47th Legislature.

ASSUMPTIONS:

- 1) Individual and corporation tax revenue estimates under current law were obtained from projections provided by the Office of Budget and Program Planning.
- 2) The investment credit law expired December 31, 1982, and does not revert to prior law where 20% of the federal credit was allowed.
- 3) An equal dollar amount of assets eligible for the investment credit are purchased each year.
- 4) A 5% inflation rate per year for eligible assets is assumed.
- 5) Investment credit carryover is captured in the estimate for both individuals and corporations.
- 6) Carryback refunds are assumed to be \$1.750 million annually for individuals and corporations during the 84-85 biennium.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Individual Income Tax		
Under Proposed Law	\$166.427M	\$175.459M
Under Current Law	156.030M	164.630M
Estimated Decrease	<u>\$(10.397M)</u>	<u>\$(10.829M)</u>
Corporation License Tax		
Under Proposed Law	\$ 41.904M	\$ 48.817M
Under Current Law	36.029M	42.735M
Estimated Decrease	<u>\$ (5.875M)</u>	<u>\$ (6.082M)</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-5-83

TOTAL REVENUE

Under Proposed Law	\$208.331M	\$224.276M
Under Current Law	192.059M	207.365M
Estimated Decrease	<u>\$ (16.272M)</u>	<u>\$ (16.911M)</u>

General Fund

Under Proposed Law	\$131.347M	\$141.552M
Under Current Law	120.933M	130.729M
Estimated Decrease	<u>\$ (10.414M)</u>	<u>\$ (10.823M)</u>

School Foundation

Under Proposed Law	\$ 51.308M	\$ 55.294M
Under Current Law	47.240M	51.066M
Estimated Decrease	<u>\$ (4.068M)</u>	<u>\$ (4.228M)</u>

Sinking Fund

Under Proposed Law	\$ 22.575M	\$ 24.329M
Under Current Law	20.785M	22.469M
Estimated Decrease	<u>\$ (1.790M)</u>	<u>\$ (1.860M)</u>

Local

Under Proposed Law	\$ 3.101M	\$ 3.101M
Under Current Law	3.101M	3.101M
Estimated Decrease	<u>\$ -0-</u>	<u>\$ -0-</u>

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The investment tax credit may reduce individual and corporate tax revenues by \$35.0 million to \$40.0 million over the FY 86 - FY 87 biennium if the assumptions hold.

NOTE:

The total amount of investment credits claimed against individual income tax liabilities for income earned in 1981 was \$7,842,677. The total amount of investment credits claimed against corporation license/income taxes in returns filed during FY 82 was \$2,992,908.