

HOUSE BILL NO. 631

INTRODUCED BY SCHULTZ, STOBIE,
RYAN, UNDERDAL, C. SMITH, KEYSER,
BLISS, D. BROWN, JONES, ERNST

IN THE HOUSE

February 3, 1983	Introduced and referred to Committee on Taxation.
March 5, 1983	Committee recommend bill do pass as amended. Report adopted.
March 7, 1983	Bill printed and placed on members' desks.
March 8, 1983	Second reading, do pass.
March 9, 1983	Considered correctly engrossed.
March 10, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 11, 1983	Introduced and referred to Committee on Taxation.
March 15, 1983	Committee recommend bill be concurrent in as amended. Report adopted.
March 17, 1983	Second reading, concurred in.
March 19, 1983	Third reading, concurred in. Ayes, 50; Noes, 0.

IN THE HOUSE

March 19, 1983	Returned to House with amendments.
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March 31, 1983

Second reading, amendments
concurrent in.

April 1, 1983

Third reading, amendments
concurrent in.

Sent to enrolling.

Reported correctly enrolled.

1 *House* BILL NO. *631* *Smith*
 2 INTRODUCED BY *Schultz* *Stahle* *Byron Underdahl*
 3 *Keyser* *Chas* *Don Brann* *James*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE HEAD OF A
 5 HOUSEHOLD TO CLAIM THE SAME STANDARD DEDUCTION AS MARRIED
 6 INDIVIDUALS FILING A JOINT RETURN; AMENDING SECTION
 7 15-30-122, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
 8 AND AN APPLICABILITY DATE."
 9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 15-30-122, MCA, is amended to read:
 12 "15-30-122. Standard deduction. (1) In the case of a
 13 resident individual, a standard deduction equal to 20% of
 14 adjusted gross income shall be allowed if elected by the
 15 taxpayer on his return. The standard deduction shall be in
 16 lieu of all deductions allowed under 15-30-121. The maximum
 17 standard deduction shall be \$1,500, as adjusted under the
 18 provisions of subsection (2), except ~~that~~ in the case of a
 19 single joint return of husband and wife ~~or in the case of a~~
 20 ~~single individual who qualifies to file as a head of~~
 21 ~~household on his federal income tax return~~, the maximum
 22 standard deduction shall be \$3,000, as adjusted under the
 23 provisions of subsection (2). The standard deduction shall
 24 not be allowed to either the husband or the wife if the tax
 25 of one of the spouses is determined without regard to the

1 standard deduction. For purposes of this section, the
 2 determination of whether an individual is married shall be
 3 made as of the last day of the taxable year; provided,
 4 however, if one of the spouses dies during the taxable year,
 5 the determination shall be made as of the date of death.

6 (2) By November 1 of each year, the department shall
 7 multiply the maximum standard deduction for single returns
 8 and joint returns by the inflation factor for that taxable
 9 year and round the product to the nearest \$10. The resulting
 10 adjusted deductions are effective for that taxable year and
 11 shall be used in calculating the tax imposed in 15-30-103."

12 ~~NEW SECTION.~~ Section 2. Effective date --
 13 applicability. This act is effective on passage and approval
 14 and applies to taxable years beginning after December 31,
 15 1982.

-End-

STATE OF MONTANA

REQUEST NO. 328-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 7, 19 83, there is hereby submitted a Fiscal Note for House Bill 631 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 631 allows the head of a household to claim the same standard deduction as married individuals filing a joint return; and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1) The revenue projections of the Office of Budget and Program Planning are the basis for comparison.
- 2) Adoption of the proposal would result in a 0.405% reduction in individual income tax collections.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
Individual Income Tax Collections		
Under Current Law	\$166.427M	\$175.459M
Under Proposed Law	165.753M	174.748M
Estimated Decrease	<u>(.674M)</u>	<u>(.711M)</u>
General Fund		
Under Current Law	106.513M	122.294M
Under Proposed Law	106.082M	111.839M
Estimated Decrease	<u>(.431M)</u>	<u>(.455M)</u>
School Foundation Program		
Under Current Law	41.607M	43.865M
Under Proposed Law	41.438M	43.687M
Estimated Decrease	<u>(.169M)</u>	<u>(.178M)</u>
Sinking Fund		
Under Current Law	18.307M	19.300M
Under Proposed Law	18.233M	19.222M
Estimated Decrease	<u>(.074M)</u>	<u>(.078M)</u>

FISCAL NOTE 11/AA/1


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-83

Approved by committee
on Taxation

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March 15, 1983

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 631 be amended as follows:

1. Page 2, line 17.
Strike: "1983"
Insert: "1984"

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