

SENATE BILL NO. 36

Introduced: 1/3/83

Referred to Committee on Taxation: 1/3/83

Hearing: 1/14/83

Report: 01/14/83, Do Pass

2nd Reading: 01/17/82

3rd Reading: 01/19/83

Transmitted to House: 1/19/83

Referred to Committee on Taxation: 01/20/83

Hearing: 2/11/83

Died in House Committee

SENATE BILL NO. 36

INTRODUCED BY HIMSL

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXCLUDE INCOME RECEIVED UNDER THE RAILROAD RETIREMENT ACT IN DETERMINING INCOME FOR PURPOSES OF COMPUTING THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY; AMENDING SECTION 15-30-171, MCA."

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

Section 1. Section 15-30-171, MCA, is amended to read:

"15-30-171. Residential property tax credit for elderly — definitions. As used in 15-30-171 through 15-30-179, the following definitions apply:

(1) "Income" means federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code of the United States, plus all nontaxable income except all payments received under federal social security or the federal Railroad Retirement Act, including but not limited to:

(a) the gross amount of any pension or annuity (including ~~Railroad Retirement Act benefits~~ and veterans' disability benefits);

(b) the amount of capital gains excluded from adjusted gross income;

(c) alimony;

(d) support money;

(e) nontaxable strike benefits;

(f) cash public assistance and relief; and

(g) payments and interest on federal, state, county, and municipal bonds.

(2) "Claim period" means the tax year for individuals required to file Montana individual income tax returns and the calendar year for individuals not required to file returns.

(3) "Claimant" means an individual natural person who is eligible to file a claim under 15-30-172.

(4) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(5) "Household income" means all income except payments received under federal social security or the federal Railroad Retirement Act, received by all individuals of a household while they are members of the household.

(6) "Homestead" means a single-family dwelling or unit of a multiple-unit dwelling that is subject to ad valorem taxes in Montana, owned and occupied as a residence by the owner for at least 6 months of the claim period or occupied

INTRODUCED BILL

1 as a dwelling of a renter or lessee for at least 6 months of
2 the claim period, and as much of the surrounding land, but
3 not in excess of 1 acre, as is reasonably necessary for its
4 use as a dwelling.

5 (7) "Department" means the department of revenue.

6 (8) "Gross rent" means the total rent in cash or its
7 equivalent actually paid during the claim period by the
8 renter or lessee for the right of occupancy of the homestead
9 pursuant to an arm's length transaction with the landlord.

10 (9) "Property tax paid" means general ad valorem taxes
11 levied against the homestead, exclusive of special
12 assessments, penalties, or interest and paid during the
13 claim period.

14 (10) "Rent-equivalent tax paid" means 15% of the gross
15 rent."

-End-

STATE OF MONTANA

REQUEST NO. 009-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 5, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 36 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.

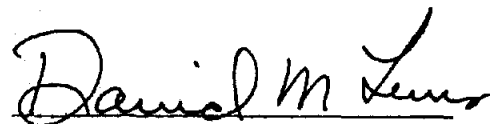
DESCRIPTION

A bill for an act to exclude income received under the Railroad Retirement Act in determining income for purposes of computing the residential property tax credit for the elderly.

ASSUMPTIONS

1. The Department of Revenue's personal income tax projections provide the basis for comparison.
2. Sample statistics for elderly homeowner credits granted in tax year 1981 apply to the future population of credit applicants.
3. There are and will be 8,600 elderly individuals receiving railroad retirement benefits residing in the state.
4. The average annual benefit of railroad retirees is approximately \$4,500 in 1982 and will not change appreciably in 1983.
5. Adjustments made in property tax burdens resulting from the introduction of the graduated class 4 tax rates are correct.
6. No attempt was made to project mill levies, elderly income, or the elderly population.
7. All elderly homeowner credits are granted in the first half of each respective calendar year.

(Continued)



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-6-83

FISCAL IMPACT

	<u>FY84</u>	<u>FY85</u>
Individual Income Tax		
Under Current Law	167.908M	181.814M
Under Proposed Law	167.608M	181.514M
Estimated Decrease	(0.300M)	(0.300M)
General Fund		
Under Current Law	107.46112M	116.36096M
Under Proposed Law	107.26912M	116.16896M
Estimated Decrease	(0.192M)	(0.192M)
Earmarked Revenue Fund		
Under Current Law	41.977M	45.4535M
Under Proposed Law	41.902M	45.3785M
Estimated Decrease	(0.075M)	(0.075M)
Sinking Fund		
Under Current Law	18.46988M	19.99954M
Under Proposed Law	18.43688M	19.96654M
Estimated Decrease	(0.033M)	(0.033M)

PREPARED BY DEPARTMENT OF REVENUE

Approved by Committee
on Taxation

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THIRD READING

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