

SENATE BILL NO. 247

Introduced: 01/21/83

Referred to Committee on Taxation: 01/21/83

hearing: 2/15/83

Report: 2/16/83, Do Pass, As Amended

2nd Reading: 02/18/83

3rd Reading: 02/21/83

Transmitted to House 02/21/83

Referred to Committee on Taxation: 03/01/83

Hearing: 3/7/83

Report: 03/15/83, Be Concurred In

Rereferred to Committee on Appropriations: 03/18/83

Hearing: 4/7/83

Referred to 2nd Reading - Motion From Floor

2nd Reading: 04/12/83, Be Concurred In

3rd Reading: 04/14/83, Be Concurred In

Returned to Senate: 4/14/83

Transmitted to Governor: 04/20/83

Signed: 04/21/83, Chapter 605

1 *House* BILL NO. *247*
 2 INTRODUCED BY *Bob Brown Blaylock Gary Brand*
 3 *O'Connell* BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE *HARP*
 4 *Metcalf* *Boek* *Connolly* *M. Harb* *Boehner*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT
 6 RAILROAD RETIREMENT ACT BENEFIT PAYMENTS RECEIVED DURING
 7 CLAIM PERIODS BEGINNING IN 1981 OR 1982 AS A RESULT OF
 8 FULFILLMENT OF FEDERAL SOCIAL SECURITY REQUIREMENTS ARE NOT
 9 TO BE INCLUDED AS INCOME FOR THE PURPOSE OF COMPUTING
 10 ELIGIBILITY FOR THE RESIDENTIAL PROPERTY TAX CREDIT FOR
 11 ELDERLY; AMENDING SECTION 15-30-171, MCA; AND PROVIDING AN
 12 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."
 13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 15 Section 1. Section 15-30-171, MCA, is amended to read:
 16 "15-30-171. Residential property tax credit for
 17 elderly — definitions. As used in 15-30-171 through
 18 15-30-179, the following definitions apply:
 19 (1) "Income" means federal adjusted gross income,
 20 without regard to loss, as that quantity is defined in the
 21 Internal Revenue Code of the United States, plus all
 22 nontaxable income except all payments received under as a
 23 result of fulfillment of federal social security eligibility
 24 requirements or payments comparable thereto, including but
 25 not limited to:

1 (a) the gross amount of any pension or annuity
 2 (including Railroad Retirement Act benefits and veterans'
 3 disability benefits, except payments received as a result of
 4 fulfillment of federal social security eligibility
 5 requirements);
 6 (b) the amount of capital gains excluded from adjusted
 7 gross income;
 8 (c) alimony;
 9 (d) support money;
 10 (e) nontaxable strike benefits;
 11 (f) cash public assistance and relief; and
 12 (g) payments and interest on federal, state, county,
 13 and municipal bonds.
 14 (2) "Claim period" means the tax year for individuals
 15 required to file Montana individual income tax returns and
 16 the calendar year for individuals not required to file
 17 returns.
 18 (3) "Claimant" means an individual natural person who
 19 is eligible to file a claim under 15-30-172.
 20 (4) "Household" means an association of persons who
 21 live in the same dwelling, sharing its furnishings,
 22 facilities, accommodations, and expenses. The term does not
 23 include bona fide lessees, tenants, or roomers and boarders
 24 on contract.
 25 (5) "Household income" means all income except

1 ~~payments--received-under-federal-social-security~~ received by
2 all individuals of a household while they are members of the
3 household.

4 (6) "Homestead" means a single-family dwelling or unit
5 of a multiple-unit dwelling that is subject to ad valorem
6 taxes in Montana, owned and occupied as a residence by the
7 owner for at least 6 months of the claim period or occupied
8 as a dwelling of a renter or lessee for at least 6 months of
9 the claim period, and as much of the surrounding land, but
10 not in excess of 1 acre, as is reasonably necessary for its
11 use as a dwelling.

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

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

17 (9) "Property tax paid" means general ad valorem taxes
18 levied against the homestead, exclusive of special
19 assessments, penalties, or interest and paid during the
20 claim period.

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

23 NEW SECTION. Section 2. Effective date --
24 applicability. This act is effective on passage and approval
25 and is applicable retroactively within the meaning of

1 1-2-109 to claim periods beginning after December 31, 1980,
2 and before January 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 209-83

FISCAL NOTE

Form BD 15

In compliance with a written request received January 24, 1983, there is hereby submitted a Fiscal Note for Senate Bill 247 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

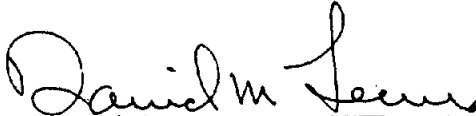
Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 247 clarifies that the railroad retirement act benefit payments received during claim periods beginning in 1981 and 1982 as a result of fulfillment of federal social security requirements are not to be included as income for the purpose of computing eligibility for the residential property tax credit for elderly and provides an immediate effective date and an applicability date.

ASSUMPTIONS:

- 1) Sample statistics for elderly homeowner credits granted in tax year 1981 apply to the future population of credit applicants.
- 2) There are and will be 8,600 elderly individuals receiving railroad retirement benefits residing in the state.
- 3) The average annual benefit of railroad retirees is approximately \$4,500 in 1982 and will not change appreciably in 1983.
- 4) Adjustments made in property tax burdens resulting from the introduction of the graduated class 4 tax rates are correct.
- 5) No attempt was made to project mill levies, elderly income, or the total elderly population.
- 6) All amended returns for tax years 1981 and 1982 will be received in fiscal year 1984.
- 7) Current tax year credits are granted in the first half of each respective calendar year.
- 8) One temporary six month FTE would be necessary to process and audit the amended returns. The total cost of processing the amended returns will be \$15,000.

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-83

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Individual Income Tax		
Under Current Law	\$166,426,563	\$175,459,375
Under Proposed Law	165,526,563	175,159,375
Estimated Decrease	<u>\$ (900,000)</u>	<u>\$ (300,000)</u>
Personal Services		
Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	13,000	-0-
Estimated Increase	<u>\$ 13,000</u>	<u>\$ -0-</u>
Operating Expenses		
Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	2,000	-0-
Estimated Increase	<u>\$ 2,000</u>	<u>\$ -0-</u>
TOTAL EXPENDITURES		
Under Current Law	\$ -0-	\$ -0-
Under Proposed Law	15,000	-0-
Estimated Increase	<u>\$ 15,000</u>	<u>\$ -0-</u>
General Fund		
Under Current Law	\$106,513,000	\$112,294,000
Under Proposed Law	105,922,000	112,102,000
Estimated Decrease	<u>\$ (591,000)</u>	<u>\$ (192,000)</u>
Earmarked Revenue Fund		
Under Current Law	\$ 41,606,641	\$ 43,864,844
Under Proposed Law	41,381,641	43,789,844
Estimated Decrease	<u>\$ (225,000)</u>	<u>\$ (75,000)</u>
Sinking Fund		
Under Current Law	\$ 18,306,922	\$ 19,300,531
Under Proposed Law	18,207,922	19,267,531
Estimated Decrease	<u>\$ (99,000)</u>	<u>\$ (33,000)</u>

Approved by committee
On Taxation

SENATE BILL NO. 247

INTRODUCED BY B. BROWN, BLAYLOCK, STORY,

BRAND, O'CONNELL, HARP, METCALF, PECK,

CONNELLY, HART, YARDLEY, BACHINI

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THAT
RAILROAD RETIREMENT ACT BENEFIT PAYMENTS RECEIVED DURING
CLAIM PERIODS BEGINNING IN 1981 OR 1982 AS A RESULT OF
FULFILLMENT OF FEDERAL SOCIAL SECURITY REQUIREMENTS ARE NOT
TO BE INCLUDED AS INCOME FOR THE PURPOSE OF COMPUTING
ELIGIBILITY FOR THE RESIDENTIAL PROPERTY TAX CREDIT FOR
ELDERLY; AMENDING SECTION 15-30-171, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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 as a
result of fulfillment of federal social security eligibility

requirements or payments comparable thereto, including but
not limited to:

(a) the gross amount of any pension or annuity
(including Railroad Retirement Act benefits and veterans'
disability benefits, except payments received as a result of
fulfillment of federal social security eligibility
requirements);

(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

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2 (5) "Household income" means all income except
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4 all individuals of a household while they are members of the
5 household.

6 (6) "Homestead" means a single-family dwelling or unit
7 of a multiple-unit dwelling that is subject to ad valorem
8 taxes in Montana, owned and occupied as a residence by the
9 owner for at least 6 months of the claim period or occupied
10 as a dwelling of a renter or lessee for at least 6 months of
11 the claim period, and as much of the surrounding land, but
12 not in excess of 1 acre, as is reasonably necessary for its
13 use as a dwelling.

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

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

19 (9) "Property tax paid" means general ad valorem taxes
20 levied against the homestead, exclusive of special
21 assessments, penalties, or interest and paid during the
22 claim period.

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

25 NEW SECTION. Section 2. Effective date --

1 applicability. This act is effective on passage and approval
2 and is applicable ~~retroactively--within--the--meaning--of~~
3 ~~1-2-109 ONLY~~ to claim periods beginning after December 31,
4 1980, and before January 1, 1983. IT IS TO BE APPLIED
5 RETROACTIVELY WITHIN THE MEANING OF 1-2-109 FOR SUCH
6 PERIODS.

-End-

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