

HOUSE BILL NO. 906

2/20 Introduced
2/20 Referred to Taxation
2/22 Fiscal Note Requested
2/27 Fiscal Note Received
3/05 Hearing
3/06 Adverse Committee Report
3/08 Bill Killed

1 House BILL NO. 906
2 INTRODUCED BY Kadon

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE THE 6 3/4
5 PERCENT CORPORATION LICENSE OR INCOME TAX WITH A GRADUATED
6 TAX RATE BASED ON NET INCOME; AMENDING SECTION 15-31-121,
7 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN
8 APPLICABILITY DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 15-31-121, MCA, is amended to read:
12 "15-31-121. Rate of tax -- minimum tax. (1) The
13 ~~percentage--of--net--income tax~~ to be paid under 15-31-101
14 shall be 6-3/4% the following percentages of net income
15 according to the following brackets of all net income for
16 the taxable period:

- 17 (a) \$0 to \$50,000 of net income, 2%;
- 18 (b) 50,001 to 150,000 of net income, 3%;
- 19 (c) 150,001 to 250,000 of net income, 4%;
- 20 (d) 250,001 to 350,000 of net income, 5%;
- 21 (e) 350,001 to 450,000 of net income, 6%;
- 22 (f) 450,001 to 550,000 of net income, 7%;
- 23 (g) 550,001 to 650,000 of net income, 8%;
- 24 (h) 650,001 to 750,000 of net income, 9%;
- 25 (i) 750,001 to 1,000,000 of net income, 10%;

- 1 (j) 1,000,001 to 1,250,000 of net income, 11%;
- 2 (k) 1,250,001 to 1,500,000 of net income, 12%;
- 3 (l) 1,500,001 to 2,000,000 of net income, 13%;
- 4 (m) 2,000,001 to 3,000,000 of net income, 14%;
- 5 (n) 3,000,001 to 4,000,000 of net income, 15%;
- 6 (o) 4,000,001 and greater, 16%.

7 ~~The rate set forth in this part shall be effective for all~~
8 ~~taxable years ending on or after February 28, 1971. This~~
9 ~~rate is retroactive to and effective for all taxable years~~
10 ~~ending on or after February 28, 1971.~~

11 (2) Every corporation subject to taxation under this
12 part shall, in any event, pay a minimum tax of not less than
13 \$50."

14 NEW SECTION. Section 2. Extension of authority. Any
15 existing authority of the department of revenue to make
16 rules on the subject of the provisions of this act is
17 extended to the provisions of this act.

18 NEW SECTION. Section 3. Effective date --
19 applicability. This act is effective on passage and approval
20 and applies to taxable years beginning after December 31,
21 1984.

-End-



STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 504-85

Form BD-15

In compliance with a written request received February 23, 19 85, there is hereby submitted a Fiscal Note for House Bill 906 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:

An act to replace the 6-3/4% corporation license or income tax with a graduated tax rate based on net income; amending Section 15-31-121, MCA; and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. Corporation license tax revenues will be \$51,357,000 in FY1986 and \$55,380,000 in FY1987 under current law.
2. The proposed tax schedule applied to actual FY1984 data increases total tax revenue \$1,015,053
3. The estimated increase in each year of the 1987 biennium is equal to the proportion of estimated revenue under current law to actual FY1984 revenue (\$35,396,240) times the actual 1984 calculated increase.

	FY 1986			FY 1987		
	Under Current Law	Under Proposed Law	Estimated Increase	Under Current Law	Under Proposed Law	Estimated Increase
Corporation License Tax	51,357,000	52,831,000	1,474,000	55,380,000	56,968,000	1,588,000
TOTAL REVENUE	51,357,000	52,831,000	1,474,000	55,380,000	56,968,000	1,588,000
Fund Information:						
General Fund	29,957,000	30,817,000	860,000	32,304,000	33,230,000	926,000
Foundation Program	11,702,000	12,038,000	336,000	12,619,000	12,981,000	362,000
Debt Service Account	5,149,000	5,297,000	148,000	5,552,000	5,711,000	159,000
Local Governments	4,549,000	4,679,000	130,000	4,905,000	5,046,000	141,000

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 27, 1985
HB 906