

HOUSE BILL NO. 937

3/14 Introduced  
3/14 Referred to Taxation  
3/14 Fiscal Note Requested  
3/20 Fiscal Note Received  
3/22 Hearing  
Died in Committee



1 not relieve an estate held in trust or under the control of  
2 a fiduciary from the lien for such tax.

3 Section 3. Reports required. (1) Each domestic or  
4 foreign corporation, the stock or bonds of which are owned  
5 or held by persons or entities resident of or domiciled in  
6 Montana, as provided in [this act], shall report not later  
7 than September 30 of each year, in such form as may be  
8 prescribed by the department of revenue, the name and  
9 address of each registered stockholder or bondholder  
10 resident of or domiciled in Montana as of the preceding  
11 January 1. The report must also include the number of shares  
12 of stock held, the number of bonds held, the par or face  
13 value of each, the market value of each as of January 1, and  
14 any other information the department requires.

15 (2) In addition, each person registered as a  
16 broker-dealer or salesman, as required by 30-10-201, shall  
17 report to the department of revenue not later than March 31  
18 of each year a list of each share of stock and each bond  
19 owned by each of his customers or clients on the previous  
20 January 1. The report must include the par or face value  
21 and the actual market value of each share of stock and each  
22 bond held by each customer or client on January 1 and any  
23 other information the department requires.

24 Section 4. Department duties -- disposition of  
25 revenue. (1) The department of revenue shall adopt rules,

1 prescribe forms for returns and notices, and require such  
2 information to be reported as it considers necessary to  
3 enforce the provisions of [this act].

4 (2) The department shall dispose of the revenue from  
5 the tax imposed by [this act] in the same manner as revenue  
6 from inheritance and estate taxes as provided in 15-1-501.

7 Section 5. Penalty. (1) If any person or entity fails  
8 to file a return as required by [this act] or in the manner  
9 provided in [this act] or fails to pay the tax imposed by  
10 [this act], there must be imposed a penalty of 5% of any  
11 balance of tax unpaid with respect to such return as of its  
12 due date. If such person or any member or employee of such  
13 entity acts purposely and knowingly with intent to evade the  
14 requirements of [this act], that person is guilty of a  
15 misdemeanor and is punishable by a fine not to exceed \$1,000  
16 or imprisonment not to exceed 1 year, or both.

17 (2) Any person or entity failing to report information  
18 under [section 3] when required to do so is guilty of a  
19 misdemeanor and is punishable by a fine not to exceed \$500  
20 or imprisonment not to exceed 6 months, or both.

21 Section 6. Applicability. This act applies to taxable  
22 years beginning after December 31, 1985.

-End-

## STATE OF MONTANA

## FISCAL NOTE

REQUEST NO. FNN 517-85Form BD-15

In compliance with a written request received March 14, 19 85, there is hereby submitted a Fiscal Note for House Bill 937 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 imposing a tax on certain corporate stocks and bonds; providing for the collection and administration of the tax; and providing an applicability date.

FISCAL IMPACT:

Data regarding the current market value of corporate stocks and bonds held by Montana residents is not available. An estimate of the fiscal impact of the proposed legislation was derived by using June 30, 1984 collections in North Carolina which imposes a substantially similar tax on corporate stocks. North Carolina collected \$31.5 million based on a tax rate of 25¢ per \$100 of value. Assuming that the average investment portfolio is split 50/50 between stocks and bonds, the proposed legislation would raise approximately \$16.8 million in Montana in FY87.

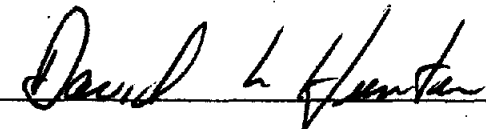
$(\$31.5 \text{ mm} + \$31.5) \times 2$  (Montana population/North Carolina population )

The revenue would be deposited in the state general fund.

Montana population = 786,000

North Carolina population = 5,882,000

The Department of Revenue estimates the added cost to administer the provisions of the proposed legislation to be \$224,730 in FY86 and \$361,805 in FY87.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: March 20, 1985