

SENATE BILL NO. 17

INTRODUCED BY ECK

IN THE SENATE

June 19, 1986

Introduced and referred to
Committee on Taxation.

June 28, 1986

Committee recommend bill do
pass as amended. Report
adopted.

Second reading, do pass.

July 1, 1986

On motion, taken from third
reading and placed on second
reading this day.

Second reading, do pass
as amended.

On motion, taken from third
reading and placed on second
reading this day.

Second reading, do pass
as amended.

Third reading, passed.
Ayes, 27; Noes, 23.

Transmitted to House.

IN THE HOUSE

July 1, 1986

Introduced and referred to
Committee on Taxation.

Committee recommend bill be
concurrent in. Report adopted.

Second reading, concurred in.

July 1, 1986

Third reading, concurred in.

Returned to Senate.

IN THE SENATE

July 1, 1986

Received from House.

Sent to enrolling.

Reported correctly enrolled.

1 SB BILL NO. 17
2 INTRODUCED BY Ech
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE REPORTING
5 AND PAYMENT PERIODS FOR WITHHOLDING INCOME TAXES; AMENDING
6 SECTION 15-30-204, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND AN APPLICABILITY DATE."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. Section 15-30-204, MCA, is amended to read:
11 "15-30-204. Quarterly, monthly, or bimonthly payment.
12 (1) On or before the last day of each month, every employer
13 subject to the provisions of 15-30-202 and 15-30-203, except
14 as provided in subsections (2) through (4), shall file a
15 return in such form and containing such information as may
16 be required by the department and shall pay therewith the
17 amount required by 15-30-202 to be deducted and withheld by
18 the employer from wages paid during the preceding month.
19 (2) (a) An employer subject to the provisions of
20 15-30-202 and 15-30-203 whose projected total liability for
21 withholdings usually equals or exceeds \$50,000 in one month
22 shall file, in lieu of the return and payment required under
23 subsection (1), a return in such form and containing such
24 information as may be required by the department and shall
25 pay therewith the amount required by 15-30-202 to be

1 deducted and withheld by the employer from wages paid during
2 the preceding reporting period.
3 (b) The report required in subsection (2)(a) and the
4 accompanying payment must be filed on or before the last day
5 of the reporting period following the reporting period for
6 which the amount was withheld.
7 (c) For the purposes of subsection (2), each month is
8 divided into two reporting periods. The first period begins
9 on the 1st day of the month and ends on the 14th day of the
10 month. The second period begins on the 15th day of the month
11 and ends on the last day of the month.
12 (3) An employer subject to the provisions of 15-30-202
13 and 15-30-203 whose projected total liability for
14 withholdings does not exceed \$1,000 in one month may,
15 following application to and written approval by the
16 department, in lieu of the return and payment required under
17 subsection (1), on or before the last day of the months of
18 April, July, October, and January of each calendar year,
19 every employer subject to the provisions of 15-30-202 and
20 15-30-203 shall file a return in such form and containing
21 such information as may be required by the department and
22 shall pay therewith the amount required by 15-30-202 to be
23 deducted and withheld by said employer from wages paid
24 during the preceding quarterly period of 3 months.
25 (2)(4) If the total amount of the tax withheld by an

1 employer under the provisions of 15-30-202 upon the wages of
2 all employees of any employer is less than \$10 in each
3 ~~quarterly~~ monthly period of any year, such employer shall
4 not be required to file the ~~quarterly~~ monthly returns or to
5 make the ~~quarterly~~ payments as provided in the ~~preceding~~
6 subsection (1), (2), or (3), but in lieu thereof such
7 employer shall, on or before February 15 of the year
8 succeeding that in which such wages were paid, file an
9 annual return in such form as may be required by the
10 department and shall pay therewith the amount required to be
11 deducted and withheld by the employer from all wages paid
12 during the preceding calendar year.

13 ~~(3)(5)~~ If the department has reason to believe that
14 collection of the amount of any tax withheld is in jeopardy,
15 it may proceed as provided for under 15-30-312 with respect
16 to jeopardy assessments of income tax."

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

21 NEW SECTION. Section 3. Effective date --
22 applicability. This act is effective on passage and approval
23 and applies to the reporting and payment period beginning
24 August 1, 1986, and thereafter.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB017, as introduced.

Description of Proposed Legislation:

A bill changing the reporting and payment periods for withholding income taxes.

Assumptions:

1. FY87 withholding will be the same as FY85 withholding (the fiscal year on which these estimates are based).
2. Employers whose withholding does not exceed \$12,000 annually will continue to file quarterly.
3. The proportion of total withholding paid out of state general funds is equal to .029.
4. The proportion of total withholding from employers whose withholding exceeds \$12,000 annually is 0.74.
5. The proportion of total withholding from employers whose withholding exceeds \$600,000 annually is 0.247.
6. The proportion of employers who would be subject to monthly withholding that are already filing on that basis is 0.054.
7. The proportion of employers who would be subject to bi-weekly withholding that are already filing on that basis is 0.099.
8. Based on the above set of assumptions, the estimated one-time increase in withholding under the proposed bill is \$17,742,000.

Fiscal Impact:Revenue

	<u>Current Law</u>	<u>FY87 Proposed Law</u>	<u>Increase</u>
Individual Income Tax	\$184,800,000	\$202,542,000	\$17,742,000

Expenditures

See Technical Note.

Fund Information

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
General Fund	\$118,272,000	\$129,626,880	\$11,354,880
Earmarked Spec. Rev. Fund	46,200,000	50,635,500	4,435,500
Capitol Project Fund	20,328,000	22,279,620	1,951,620
TOTAL	\$184,800,000	\$202,542,000	\$17,742,000

David L. Hunter 6/24/86
 BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Dorothy Eck 6/25/86
 PRIMARY SPONSOR DATE

Fiscal Note for SB17, as introduced

Form BD-15

SB17

Page 2;

Long-Range Effects/Technical Notes:

Department of Revenue estimates of the additional costs associated with implementing monthly withholding are based on anticipated amendments and are expected to be \$101,011 in FY87 and \$176,624 in succeeding fiscal years.

Finally, the above estimates are based on the assumption that employers will file in a timely manner. But even if this condition is met, the full one-time impact may be overstated to the extent that mail and administrative processing times will result in some of the first year's estimated increase actually being recorded in FY88.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB17, Version: As Amended

DESCRIPTION:

A bill changing the payment periods for withholding income taxes to a weekly basis for certain employers.

ASSUMPTIONS:

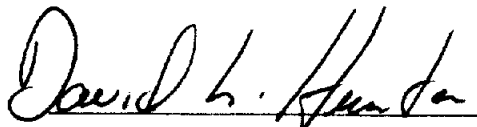
1. FY1987 withholding will be the same as FY1985 withholding (the fiscal year on which these estimates are based).
2. Employers whose withholding does not exceed \$300,000 annually will continue to file quarterly.
3. The proportion of total withholding from employers whose withholding exceeds \$300,000 annually is 0.329.
4. The proportion of employers who are already filing on a basis approaching weekly is 10.5 percent.
5. Employers subject to the proposed provisions of this bill pay wages every two weeks.
6. Based on the above set of assumptions, the estimated one-time increase in withholding under the proposed bill is \$8,900,000.

FISCAL IMPACTS:Revenue

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
Individual Income Tax	\$184,800,000	\$193,700,000	\$8,900,000

Expenditures

See attached Technical Note.

 7/1/86

BUDGET DIRECTOR
Office of Budget and Program Planning

 7/01/86

PRIMARY SPONSOR DATE

Fiscal Note for SB017 as amended

Fund Information

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
General Fund	\$118,272,000	\$123,968,000	\$5,696,000
Earmarked Spec. Rev. Fund	46,200,000	48,425,000	2,225,000
Capitol Project Fund	20,328,000	21,307,000	979,000

LONG-RANGE EFFECTS/TECHNICAL NOTES:

Department estimates of the additional costs associated with implementing weekly withholding for employers withholding more than \$300,000 annually are \$35,000.

Finally, the above estimates are based on the assumption that employers will file in a timely manner. But even if this condition is met, the full one-time impact may be overstated to the extent that mail and administrative processing times will result in some of the first year's estimated increase actually being recorded in FY1988.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB017, as amended by Senate taxation.

DESCRIPTION:

A bill changing the payment periods for withholding income taxes to a weekly basis for certain employers.

ASSUMPTIONS:

1. FY1987 withholding will be the same as FY1985 withholding (the fiscal year on which these estimates are based).
2. Employers whose withholding does not exceed \$600,000 annually will continue to file quarterly.
3. The proportion of total withholding from employers whose withholding exceeds \$600,000 annually is 0.247.
4. The proportion of employers who are already filing on a basis approaching weekly is 13.9 percent.
5. Based on the above set of assumptions, the estimated one-time increase in withholding under the proposed bill is \$6,500,000.

FISCAL IMPACTS:Expenditures

See Technical Note.

Revenue

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
Individual Income Tax	\$184,800,000	\$191,300,000	\$ 6,500,000

Fund Information

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase</u>
General Fund	\$118,272,000	\$122,432,000	\$ 4,160,000
Earmarked Spec. Rev. Fund	46,200,000	47,825,000	1,625,000
Capital Project Fund	20,328,000	21,043,000	715,000

LONG-RANGE EFFECTS/TECHNICAL NOTES:

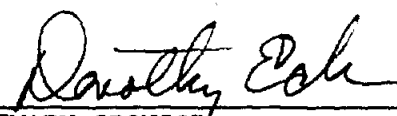
Department estimates of the additional costs associated with implementing weekly withholding for employers withholding more than \$600,000 annually are \$20,000.

Finally, the above estimates are based on the assumption that employers will file in a timely manner. But even if this condition is met, the full one-time impact may be overstated to the extent that mail and administrative processing times will result in some of the first year's estimated increase actually being recorded in FY1988.


BUDGET DIRECTOR

6/28/86
DATE

Office of Budget and Program Planning


PRIMARY SPONSOR

6/28/88
DATE

Fiscal Note for SB017, as amended by Senate taxation.

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 17

INTRODUCED BY ECK

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE REPORTING
AND PAYMENT PERIODS FOR WITHHOLDING INCOME TAXES; AMENDING
SECTION 15-30-204, 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 15-30-204, MCA, is amended to read:

"15-30-204. Quarterly~~y~~-monthly~~y~~-or-bimonthly OR WEEKLY
payment. (1) ~~On~~ EXCEPT AS PROVIDED IN SUBSECTION (4), ON or
before the last day of ~~each-month~~ APRIL, JULY, OCTOBER, AND
JANUARY, every employer subject to the provisions of
15-30-202 and 15-30-203~~, except as provided in subsections~~
~~(2) through (4)~~, WHOSE TOTAL LIABILITY FOR WITHHOLDING
INCOME TAXES DID NOT EXCEED \$600,000 FOR THE PRECEDING
CALENDAR YEAR shall file a return in such form and
containing such information as may be required by the
department and shall pay therewith the amount required by
15-30-202 to be deducted and withheld by the employer from
wages paid during the preceding month QUARTER.

(2) ~~for~~ An employer subject to the provisions of
15-30-202 and 15-30-203 whose projected total liability for
withholdings usually equals or exceeds \$50,000 in one month

~~EQUALLED OR EXCEEDED \$600,000 FOR THE PRECEDING CALENDAR~~
~~YEAR shall file in lieu of the return and payment required~~
~~under subsection (1);~~ a WEEKLY return in such form and
containing such information as may be required by the
department and shall pay therewith the amount required by
15-30-202 to be deducted and withheld by the employer from
wages paid during the preceding reporting period.

~~(b)(3)~~ The report RETURN required in subsection (2) ~~for~~
and the accompanying payment must be filed SUBMITTED on or
before the last day of the reporting period following the
reporting period for which the amount was withheld. DATE ON
WHICH FEDERAL INCOME TAX WEEKLY WITHHOLDING PAYMENTS ARE
DUE, UNLESS A DIFFERENT DATE IS SPECIFIED BY THE DEPARTMENT.

~~(c)~~ For the purposes of subsection (2), each month is
divided into two reporting periods. The first period begins
on the 1st day of the month and ends on the 14th day of the
month. The second period begins on the 15th day of the month
and ends on the last day of the month.

~~(3)~~ An employer subject to the provisions of 15-30-202
and 15-30-203 whose projected total liability for
withholdings does not exceed \$1,000 in one month may
following application to and written approval by the
department in lieu of the return and payment required under
subsection (1) on or before the last day of the months of
April, July, October, and January of each calendar year.

SECOND READING

every employer subject to the provisions of 15-30-202 and 15-30-203 shall file a return in such form and containing such information as may be required by the department and shall pay therewith the amount required by 15-30-202 to be deducted and withheld by said employer from wages paid during the preceding quarterly period of 3 months.

(2)(4) If the total amount of the tax withheld by an employer under the provisions of 15-30-202 upon the wages of all employees of any employer is less than \$10 in each quarterly ~~monthly~~ QUARTERLY period of any year, such employer shall not be required to file the ~~quarterly monthly~~ QUARTERLY returns or to make the ~~quarterly~~ QUARTERLY payments as provided in the preceding subsection (1)~~r~~-(2)~~r~~ or (3), but in lieu thereof such employer shall, on or before February 15 of the year succeeding that in which such wages were paid, file an annual return in such form as may be required by the department and shall pay therewith the amount required to be deducted and withheld by the employer from all wages paid during the preceding calendar year.

(3)(5) If the department has reason to believe that collection of the amount of any tax withheld is in jeopardy, it may proceed as provided for under 15-30-312 with respect to jeopardy assessments of income tax."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make

rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 3. ~~Effective-----date-----~~ applicability APPLICABILITY. This act ~~is effective on~~ passage and approval and applies to the reporting and payment period beginning August 17, 1986 APRIL 1, 1987, and thereafter.

-End-

SENATE BILL NO. 17

INTRODUCED BY ECK

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE REPORTING AND PAYMENT PERIODS FOR WITHHOLDING INCOME TAXES; AMENDING SECTION 15-30-204, 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 15-30-204, MCA, is amended to read:

"15-30-204. ~~Quarterly, monthly, or bimonthly~~ OR WEEKLY payment. (1) ~~On EXCEPT AS PROVIDED IN SUBSECTION (4), ON~~ or before the last day of ~~each month~~ APRIL, JULY, OCTOBER, AND JANUARY, every employer subject to the provisions of 15-30-202 and 15-30-203, ~~except as provided in subsections (2) through (4),~~ WHOSE TOTAL LIABILITY FOR WITHHOLDING INCOME TAXES DID NOT EXCEED \$600,000 FOR THE PRECEDING CALENDAR YEAR shall file a return in such form and containing such information as may be required by the department and shall pay therewith the amount required by 15-30-202 to be deducted and withheld by the employer from wages paid during the preceding month QUARTER.

(2) ~~(a)~~ An employer subject to the provisions of 15-30-202 and 15-30-203 whose projected total liability for withholdings usually equals or exceeds \$50,000 in one month

~~EQUALLED OR EXCEEDED \$600,000 FOR THE PRECEDING CALENDAR YEAR shall file, in lieu of the return and payment required under subsection (1),~~ a WEEKLY return in such form and containing such information as may be required by the department and shall pay therewith the amount required by 15-30-202 to be deducted and withheld by the employer from wages paid during the preceding reporting period.

~~(b)(3) The report RETURN required in subsection (2)(a) and the accompanying payment must be filed SUBMITTED on or before the last day of the reporting period following the reporting period for which the amount was withheld. DATE ON WHICH FEDERAL INCOME TAX WEEKLY WITHHOLDING PAYMENTS ARE DUE, UNLESS A DIFFERENT DATE IS SPECIFIED BY THE DEPARTMENT.~~

~~(c) For the purposes of subsection (2), each month is divided into two reporting periods. The first period begins on the 1st day of the month and ends on the 14th day of the month. The second period begins on the 15th day of the month and ends on the last day of the month.~~

~~(3) An employer subject to the provisions of 15-30-202 and 15-30-203 whose projected total liability for withholdings does not exceed \$1,000 in one month may, following application to and written approval by the department, in lieu of the return and payment required under subsection (1), on or before the last day of the months of April, July, October, and January of each calendar year,~~

THIRD READING

1 every--employer--subject--to-the-provisions-of-15-30-202-and
 2 15-30-203-shall-file-a-return-in-such--form--and--containing
 3 such--information--as--may-be-required-by-the-department-and
 4 shall-pay-therewith-the-amount-required-by-15-30-202--to--be
 5 deducted--and--withheld--by--said--employer--from-wages-paid
 6 during-the-preceding-quarterly-period-of-3-months.

7 {2}{4} If the total amount of the tax withheld by an
 8 employer under the provisions of 15-30-202 upon the wages of
 9 all employees of any employer is less than \$10 in each
 10 quarterly ~~monthly~~ QUARTERLY period of any year, such
 11 employer shall not be required to file the quarterly ~~monthly~~
 12 QUARTERLY returns or to make the quarterly QUARTERLY
 13 payments as provided in the preceding subsection ~~(1) or (2)~~
 14 ~~or (3)~~, but in lieu thereof such employer shall, on or
 15 before February 15 of the year succeeding that in which such
 16 wages were paid, file an annual return in such form as may
 17 be required by the department and shall pay therewith the
 18 amount required to be deducted and withheld by the employer
 19 from all wages paid during the preceding calendar year.

20 {3}{5} If the department has reason to believe that
 21 collection of the amount of any tax withheld is in jeopardy,
 22 it may proceed as provided for under 15-30-312 with respect
 23 to jeopardy assessments of income tax."

24 NEW SECTION. Section 2. Extension of authority. Any
 25 existing authority of the department of revenue to make

1 rules on the subject of the provisions of this act is
 2 extended to the provisions of this act.

3 NEW SECTION. Section 3. Effective-----date-----
 4 applicability APPLICABILITY. This act is--effective--on
 5 passage-and--approval--and applies to the reporting and
 6 payment period beginning August-17-1986 APRIL 1, 1987, and
 7 thereafter.

-End-

SENATE BILL NO. 17

INTRODUCED BY ECK

A BILL FOR AN ACT ENTITLED: "AN ACT CHANGING THE REPORTING AND PAYMENT PERIODS FOR WITHHOLDING INCOME TAXES; AMENDING SECTION 15-30-204, 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 15-30-204, MCA, is amended to read:

"15-30-204. Quarterly, monthly, or bimonthly OR WEEKLY payment. (1) On EXCEPT AS PROVIDED IN SUBSECTION (4) (3), ON or before the last day of each month APRIL, JULY, OCTOBER, AND JANUARY, every employer subject to the provisions of 15-30-202 and 15-30-203, except as provided in subsections (2) through (4), whose total liability for withholding income taxes did not exceed \$600,000 for the preceding calendar year shall file a return in such form and containing such information as may be required by the department and, EXCEPT AS PROVIDED IN SUBSECTION (2), shall pay therewith the amount required by 15-30-202 to be deducted and withheld by the employer from wages paid during the preceding month QUARTER. QUARTERLY RETURNS FOR EMPLOYERS PAYING WEEKLY SHALL BE USED TO SUMMARIZE AND ADJUST PAYMENTS AND REQUEST REFUNDS OF OVERPAYMENTS.

(2) (a) An employer subject to the provisions of 15-30-202 and 15-30-203 whose projected total liability for withholdings usually equals or exceeds \$50,000 in one month EQUALLED OR EXCEEDED \$600,000 \$300,000 FOR THE PRECEDING CALENDAR YEAR shall file REMIT in lieu of the return and payment required under subsection (1), a WEEKLY return in such form and containing such information as may be required by PAYMENT TO the department and shall pay therewith FOR the amount required by 15-30-202 to be deducted and withheld by the employer from wages paid during the preceding reporting period WEEK.

(b) (3) The report RETURN required in subsection (2) (a) and the accompanying WEEKLY payment must be filed SUBMITTED on or before the last day of the reporting period following the reporting period for which the amount was withheld. DATE ON WHICH FEDERAL INCOME TAX WEEKLY WITHHOLDING PAYMENTS ARE DUE, UNLESS A DIFFERENT DATE IS SPECIFIED BY THE DEPARTMENT.

(c) For the purposes of subsection (2), each month is divided into two reporting periods. The first period begins on the 1st day of the month and ends on the 14th day of the month. The second period begins on the 15th day of the month and ends on the last day of the month.

(3) An employer subject to the provisions of 15-30-202 and 15-30-203 whose projected total liability for withholdings does not exceed \$1,000 in one month may,

REFERENCE BILL
SB 17

1 ~~following---application---to---and---written---approval---by---the~~
 2 ~~department, in lieu of the return and payment required under~~
 3 ~~subsection (1), on or before the last day of the--months--of~~
 4 ~~April,--July,--October,--and--January of each calendar year,~~
 5 ~~every employer subject to the provisions of--15-30-202--and~~
 6 ~~15-30-203--shall--file--a--return--in--such--form--and--containing~~
 7 ~~such information as may be required by--the--department--and~~
 8 ~~shall--pay--therewith--the--amount--required--by--15-30-202--to--be~~
 9 ~~deducted and withheld--by--said--employer--from--wages--paid~~
 10 ~~during the preceding quarterly period of 3 months:~~

11 ~~(2)(4)(3)~~ If the total amount of the tax withheld by
 12 an employer under the provisions of 15-30-202 upon the wages
 13 of all employees of any employer is less than \$10 in each
 14 ~~quarterly~~ monthly QUARTERLY period of any year, such
 15 employer shall not be required to file the ~~quarterly~~ monthly
 16 QUARTERLY returns or to make the ~~quarterly~~ QUARTERLY
 17 payments as provided in the preceding subsection ~~(1)-(2)-(3)~~
 18 ~~or-(3)~~, but in lieu thereof such employer shall, on or
 19 before February 15 of the year succeeding that in which such
 20 wages were paid, file an annual return in such form as may
 21 be required by the department and shall pay therewith the
 22 amount required to be deducted and withheld by the employer
 23 from all wages paid during the preceding calendar year.

24 ~~(3)(5)(4)~~ If the department has reason to believe that
 25 collection of the amount of any tax withheld is in jeopardy,

1 it may proceed as provided for under 15-30-312 with respect
 2 to jeopardy assessments of income tax."

3 NEW SECTION. Section 2. Extension of authority. Any
 4 existing authority of the department of revenue to make
 5 rules on the subject of the provisions of this act is
 6 extended to the provisions of this act.

7 NEW SECTION. Section 3. Effective-----date-----
 8 applicability APPLICABILITY. This act is--effective--on
 9 passage and--approval--and applies to the reporting and
 10 payment period beginning August-1,-1986 APRIL 1, 1987, and
 11 thereafter.

-End-