

HB 527 INTRODUCED BY HARRINGTON
RESPONDING TO INITIATIVE 105; CREATING A PROPERTY
TAX RELIEF PROGRAM; 20 PERCENT TAX SURTAX

1/29 INTRODUCED
1/29 REFERRED TO TAXATION
1/29 FISCAL NOTE REQUESTED
2/02 FISCAL NOTE RECEIVED
2/16 HEARING
3/20 TABLED IN COMMITTEE

1 House BILL NO. 527
2 INTRODUCED BY Harrington

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A LEGISLATIVE
5 RESPONSE TO THE PROVISIONS OF INITIATIVE 105 ADOPTED BY THE
6 VOTERS OF MONTANA ON NOVEMBER 4, 1986; ESTABLISHING A
7 PROPERTY TAX RELIEF PROGRAM; IMPOSING A 20 PERCENT SURTAX ON
8 INDIVIDUAL INCOME TAX AND CORPORATION LICENSE OR INCOME TAX;
9 AMENDING SECTIONS 15-1-501, 15-30-105, 15-30-162, 17-5-408,
10 20-9-331, 20-9-333, AND 20-9-343, MCA; AND PROVIDING AN
11 APPLICABILITY DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. Section 1. Purpose -- policy. (1) It is
15 the purpose of [this act] to respond to the provisions of
16 Initiative 105 adopted by the voters on November 4, 1986.

17 (2) [Sections 4 through 6] provide property tax relief
18 for the types of property described in Initiative 105, and
19 for all other property subject to ad valorem taxation in
20 Montana. [Sections 2 and 3] provide the alternative source
21 of revenue required by Initiative 105.

22 (3) It is the policy of the 50th legislature that the
23 provisions of [this act] meet the requirements set forth in
24 Initiative 105, adopted by the voters of Montana on November
25 4, 1986.

1 NEW SECTION. Section 2. Surtax. After the amount of
2 tax liability has been computed as required in 15-30-103,
3 each person filing a Montana individual income tax return
4 shall add as a surtax 20% of the tax liability, and the
5 amount so arrived at is the amount due the state.

6 NEW SECTION. Section 3. Surtax. After the amount of
7 tax liability has been computed as required in 15-31-121,
8 15-31-122, or 15-31-403, each corporation filing a Montana
9 corporation license or income tax return shall add as a
10 surtax 20% of the tax liability, and the amount so arrived
11 at is the amount due the state.

12 NEW SECTION. Section 4. Property tax relief account
13 -- source of funds. (1) There is a property tax relief
14 account within the state special revenue fund.

15 (2) Funds in this account must be used to provide
16 payments to local governments. The payments must be used to
17 replace revenues that would otherwise be raised from an ad
18 valorem tax on property.

19 (3) An amount equal to 16 2/3% of all money collected
20 under the provisions of 15-30-103 and [section 2], 16 2/3%
21 of all money collected under 15-31-121, 15-31-122,
22 15-31-403, and [section 3], except as provided in 15-31-702,
23 and all funds appropriated to the account must be deposited
24 in the account.

25 NEW SECTION. Section 5. Property tax relief program



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1 -- administration. The department of commerce shall
2 administer the property tax relief program and distribute
3 funds from the property tax relief account.

4 NEW SECTION. Section 6. Distribution of property tax
5 relief funds. (1) (a) The property tax relief funds must be
6 distributed by the department of commerce to counties in the
7 proportion that each county's population bears to the total
8 population of the state.

9 (b) For the purpose of this section, the department
10 shall use the most recent population statistics available
11 from the U.S. bureau of the census for each county and for
12 the state, provided that the statistics are for the same
13 year.

14 (c) The department shall make the distributions
15 provided in subsection (1)(a) between June 1 and June 10 of
16 each year.

17 (2) (a) The county treasurer shall credit all money
18 received from the property tax relief account to a property
19 tax relief suspense fund.

20 (b) Within 60 days following receipt of the property
21 tax relief money, the county treasurer shall distribute the
22 money in the property tax relief suspense fund in the
23 relative proportions required by the levies for county,
24 school district, and municipal purposes in the same manner
25 as personal property taxes are distributed.

1 (c) Any funds remaining in the property tax relief
2 suspense fund after the distributions are made must be
3 credited to the county general fund.

4 (3) The funds distributed by this section, including
5 money distributed to the county general fund as provided in
6 subsection (2)(c), may only be used to replace revenues that
7 would otherwise be raised by an ad valorem tax on property.

8 Section 7. Section 15-1-501, MCA, is amended to read:
9 "15-1-501. Disposition of moneys from certain
10 designated license and other taxes. (1) The state treasurer
11 shall deposit to the credit of the state general fund all
12 moneys received by him from the collection of:

13 (a) fees from driver's licenses, motorcycle
14 endorsements, and duplicate driver's licenses as provided in
15 61-5-121;

16 (b) electrical energy producer's license taxes under
17 chapter 51;

18 (c) severance taxes allocated to the general fund
19 under chapter 36;

20 (d) liquor license taxes under Title 16;

21 (e) telephone [company] license taxes under chapter
22 53; and

23 (f) inheritance and estate taxes under Title 72,
24 chapter 16.

25 (2) ~~Seventy-five percent of all moneys received from~~

1 ~~the collection of income taxes under chapter 30 and~~
 2 ~~corporation license and income taxes under chapter 31,~~
 3 ~~except as provided in 15-31-702, shall be deposited in the~~
 4 ~~general fund subject to the prior pledge and appropriation~~
 5 ~~of such income tax and corporation license tax collections~~
 6 ~~for the payment of long range building program bonds. The~~
 7 ~~remaining 25% of the proceeds of the corporation license~~
 8 ~~tax, excluding that allocated to the counties under~~
 9 ~~15-31-702, corporation income tax, and income tax shall be~~
 10 ~~deposited to the credit of the state special revenue fund~~
 11 ~~for state equalization aid to the public schools of Montana.~~
 12 All moneys received from the collection of income taxes
 13 under chapter 30 and corporation license and income taxes
 14 under chapter 31, except as provided in 15-31-702, shall be
 15 deposited as follows:

16 (a) 20 5/6% to the credit of the state special revenue
 17 fund for state equalization aid to the public schools of
 18 Montana as described in 20-9-343;

19 (b) 9 1/6% to the credit of the debt service account
 20 for long range building program bonds as described in
 21 17-5-408;

22 (c) 53 1/3% to the state general fund; and

23 (d) 16 2/3% to the credit of the state special revenue
 24 fund described in [section 4] for property tax relief.

25 (3) The state treasurer shall also deposit to the

1 credit of the state general fund all moneys received by him
 2 from the collection of license taxes, fees, and all net
 3 revenues and receipts from all other sources under the
 4 operation of the Montana Alcoholic Beverage Code.

5 (4) Thirty-three and one-third percent of the total
 6 collections of the oil severance tax under chapter 36 shall
 7 be deposited into the local government block grant account
 8 within the state special revenue fund. After the
 9 distribution provided for in 15-36-112, the remainder of the
 10 oil severance tax collections shall be deposited in the
 11 general fund."

12 Section 8. Section 15-30-105, MCA, is amended to read:

13 "15-30-105. Tax on nonresident -- alternative tax
 14 based on gross sales. (1) A like tax is imposed upon every
 15 person not resident of this state, which tax shall be
 16 levied, collected, and paid annually at the rates specified
 17 in 15-30-103 with respect to his entire net income as herein
 18 defined from all property owned and from every business,
 19 trade, profession, or occupation carried on in this state.

20 (2) Pursuant to the provisions of Article III, section
 21 2, of the Multistate Tax Compact, every nonresident taxpayer
 22 required to file a return and whose only activity in Montana
 23 consists of making sales and who does not own or rent real
 24 estate or tangible personal property within Montana and
 25 whose annual gross volume of sales made in Montana during

1 the taxable year does not exceed \$100,000 may elect to pay
 2 an income tax of 1/2 of 1% of the dollar volume of gross
 3 sales made in Montana during the taxable year. Such tax
 4 shall be in lieu of the tax taxes imposed under 15-30-103
 5 and [section 2]. The gross volume of sales made in Montana
 6 during the taxable year shall be determined according to the
 7 provisions of Article IV, sections 16 and 17, of the
 8 Multistate Tax Compact."

9 Section 9. Section 15-30-162, MCA, is amended to read:

10 "15-30-162. Investment credit. (1) There is allowed as
 11 a credit against the tax taxes imposed by 15-30-103 and
 12 [section 2] a percentage of the credit allowed with respect
 13 to certain depreciable property under section 38 of the
 14 Internal Revenue Code of 1954, as amended, or as section 38
 15 may be renumbered or amended. However, rehabilitation costs
 16 as set forth under section 46(a)(2)(F) of the Internal
 17 Revenue Code of 1954, or as section 46(a)(2)(F) may be
 18 renumbered or amended, are not to be included in the
 19 computation of the investment credit. The credit is allowed
 20 for the purchase and installation of certain qualified
 21 property defined by section 38 of the Internal Revenue Code
 22 of 1954, as amended, if the property meets all of the
 23 following qualifications:

24 (a) it was placed in service in Montana; and

25 (b) it was used for the production of Montana adjusted

1 gross income.

2 (2) The amount of the credit allowed for the taxable
 3 year is 5% of the amount of credit determined under section
 4 46(a)(2) of the Internal Revenue Code of 1954, as amended,
 5 or as section 46(a)(2) may be renumbered or amended.

6 (3) Notwithstanding the provisions of subsection (2),
 7 the investment credit allowed for the taxable year may not
 8 exceed the taxpayer's tax liability for the taxable year or
 9 \$500, whichever is less.

10 (4) If property for which an investment credit is
 11 claimed is used both inside and outside this state, only a
 12 portion of the credit is allowed. The credit must be
 13 apportioned according to a fraction the numerator of which
 14 is the number of days during the taxable year the property
 15 was located in Montana and the denominator of which is the
 16 number of days during the taxable year the taxpayer owned
 17 the property. The investment credit may be applied only to
 18 the tax liability of the taxpayer who purchases and places
 19 in service the property for which an investment credit is
 20 claimed. The credit may not be allocated between spouses
 21 unless the property is used by a partnership or small
 22 business corporation of which they are partners or
 23 shareholders.

24 (5) The investment credit allowed by this section is
 25 subject to recapture as provided for in section 47 of the

1 Internal Revenue Code of 1954, as amended, or as section 47
2 may be renumbered or amended."

3 Section 10. Section 17-5-408, MCA, is amended to read:

4 "17-5-408. (Effective unless contingency occurs--see
5 compiler's comments) Percentage of income, corporation
6 license, and cigarette tax pledged. (1) The state pledges
7 and appropriates and directs to be credited as received to
8 the debt service account ~~11%~~ 9 1/6% of all money, except as
9 provided in 15-31-702, received from the collection of the
10 income tax and the corporation license tax referred to in
11 15-1-501 and such additional amount of said taxes, if any,
12 as may at any time be needed to comply with the principal
13 and interest and reserve requirements stated in 17-5-405(4),
14 provided that no more than ~~11%~~ 9 1/6% of such tax
15 collections shall be deemed to be pledged for the purpose of
16 17-5-403(2). The pledge and appropriation herein made shall
17 be and remain at all times a first and prior charge upon all
18 money received from the collection of said taxes.

19 (2) The state pledges and appropriates and directs to
20 be credited to the debt service account 79.75% of all money
21 received from the collection of the excise tax on cigarettes
22 which is levied, imposed, and assessed by 16-11-111. The
23 state also pledges and appropriates and directs to be
24 credited as received to the debt service account all money
25 received from the collection of the taxes on other tobacco

1 products which are or may hereafter be levied, imposed, and
2 assessed by law for that purpose, including the tax levied,
3 imposed, and assessed by 16-11-202. Nothing herein shall
4 impair or otherwise affect the provisions and covenants
5 contained in the resolutions authorizing the presently
6 outstanding long-range building program bonds. Subject to
7 the provisions of the preceding sentence, the pledge and
8 appropriation herein made shall be and remain at all times a
9 first and prior charge upon all money received from the
10 collection of all taxes referred to in this subsection (2).
11 (Revived July 1, 1987--sec. 4, Ch. 704, L. 1985.)

12 17-5-408. (Effective on occurrence of contingency--see
13 compiler's comments) Percentage of income, corporation
14 license, and cigarette tax pledged. (1) The state pledges
15 and appropriates and directs to be credited as received to
16 the debt service account ~~11%~~ 9 1/6% of all money, except as
17 provided in 15-31-702, received from the collection of the
18 income tax and the corporation license tax referred to in
19 15-1-501 and such additional amount of said taxes, if any,
20 as may at any time be needed to comply with the principal
21 and interest and reserve requirements stated in 17-5-405(4),
22 provided that no more than ~~11%~~ 9 1/6% of such tax
23 collections shall be deemed to be pledged for the purpose of
24 17-5-403(2). The pledge and appropriation herein made shall
25 be and remain at all times a first and prior charge upon all

1 money received from the collection of said taxes.

2 (2) The state pledges and appropriates and directs to
3 be credited to the debt service account 53.17% of all money
4 received from the collection of the excise tax on cigarettes
5 which is levied, imposed, and assessed by 16-11-111. The
6 state also pledges and appropriates and directs to be
7 credited as received to the debt service account all money
8 received from the collection of the taxes on other tobacco
9 products which are or may hereafter be levied, imposed, and
10 assessed by law for that purpose, including the tax levied,
11 imposed, and assessed by 16-11-202. Nothing herein shall
12 impair or otherwise affect the provisions and covenants
13 contained in the resolutions authorizing the presently
14 outstanding long-range building program bonds. Subject to
15 the provisions of the preceding sentence, the pledge and
16 appropriation herein made shall be and remain at all times a
17 first and prior charge upon all money received from the
18 collection of all taxes referred to in this subsection (2)."

19 Section 11. Section 20-9-331, MCA, is amended to read:

20 "20-9-331. Basic county tax and other revenues for
21 county equalization of the elementary district foundation
22 program. (1) It shall be the duty of the county
23 commissioners of each county to levy an annual basic tax of
24 28 mills on the dollars of the taxable value of all taxable
25 property within the county for the purposes of local and

1 state foundation program support. The revenue to be
2 collected from this levy shall be apportioned to the support
3 of the foundation programs of the elementary school
4 districts in the county and to the state special revenue
5 fund, state equalization aid account, in the following
6 manner:

7 (a) In order to determine the amount of revenue raised
8 by this levy which is retained by the county, the sum of the
9 estimated revenues identified in subsection (2) below shall
10 be subtracted from the sum of the county elementary
11 transportation obligation and the total of the foundation
12 programs of all elementary districts of the county.

13 (b) If the basic levy prescribed by this section
14 produces more revenue than is required to finance the
15 difference determined above, the county treasurer shall
16 remit the surplus funds to the state treasurer for deposit
17 to the state special revenue fund, state equalization aid
18 account, immediately upon occurrence of a surplus balance
19 and each subsequent month thereafter, with any final
20 remittance due no later than June 20 of the fiscal year for
21 which the levy has been set.

22 (2) The proceeds realized from the county's portion of
23 the levy prescribed by this section and the revenues from
24 the following sources shall be used for the equalization of
25 the elementary district foundation programs of the county as

1 prescribed in 20-9-334, and a separate accounting shall be
 2 kept of such proceeds and revenues by the county treasurer
 3 in accordance with 20-9-212(1):

4 (a) the portion of the federal Taylor Grazing Act
 5 funds distributed to a county and designated for the common
 6 school fund under the provisions of 17-3-222;

7 (b) the portion of the federal flood control act funds
 8 distributed to a county and designated for expenditure for
 9 the benefit of the county common schools under the
 10 provisions of 17-3-232;

11 (c) all money paid into the county treasury as a
 12 result of fines for violations of law and the use of which
 13 is not otherwise specified by law;

14 (d) any money remaining at the end of the immediately
 15 preceding school fiscal year in the county treasurer's
 16 account for the various sources of revenue established or
 17 referred to in this section;

18 (e) any federal or state money, including anticipated
 19 or reappropriated motor vehicle fees and reimbursement under
 20 the provisions of 61-3-532 and 61-3-536, distributed to the
 21 county as payment in lieu of the property taxation
 22 established by the county levy required by this section; and

23 (f) net proceeds taxes for new production, as defined
 24 in 15-23-601; and

25 (g) any money distributed or anticipated to be

1 distributed by the state to the county for redistribution as
 2 property tax relief money as provided in [section 6]."

3 Section 12. Section 20-9-333, MCA, is amended to read:

4 "20-9-333. Basic special levy and other revenues for
 5 county equalization of high school district foundation
 6 program. (1) It shall be the duty of the county
 7 commissioners of each county to levy an annual basic special
 8 tax for high schools of 17 mills on the ~~dollar~~ dollars of
 9 the taxable value of all taxable property within the county
 10 for the purposes of local and state foundation program
 11 support. The revenue to be collected from this levy shall
 12 be apportioned to the support of the foundation programs of
 13 high school districts in the county and to the state special
 14 revenue fund, state equalization aid account, in the
 15 following manner:

16 (a) In order to determine the amount of revenue raised
 17 by this levy which is retained by the county, the estimated
 18 revenues identified in subsections (2)(a) and (2)(b) below
 19 shall be subtracted from the sum of the county's high school
 20 tuition obligation and the total of the foundation programs
 21 of all high school districts of the county.

22 (b) If the basic levy prescribed by this section
 23 produces more revenue than is required to finance the
 24 difference determined above, the county treasurer shall
 25 remit the surplus to the state treasurer for deposit to the

1 state special revenue fund, state equalization aid account,
2 immediately upon occurrence of a surplus balance and each
3 subsequent month thereafter, with any final remittance due
4 no later than June 20 of the fiscal year for which the levy
5 has been set.

6 (2) The proceeds realized from the county's portion of
7 the levy prescribed in this section and the revenues from
8 the following sources shall be used for the equalization of
9 the high school district foundation programs of the county
10 as prescribed in 20-9-334, and a separate accounting shall
11 be kept of these proceeds by the county treasurer in
12 accordance with 20-9-212(1):

13 (a) any money remaining at the end of the immediately
14 preceding school fiscal year in the county treasurer's
15 accounts for the various sources of revenue established in
16 this section;

17 (b) any federal or state moneys, including anticipated
18 or reappropriated motor vehicle fees and reimbursement under
19 the provisions of 61-3-532 and 61-3-536, distributed to the
20 county as a payment in lieu of the property taxation
21 established by the county levy required by this section; and

22 (c) net proceeds taxes for new production, as defined
23 in 15-23-601-; and

24 (d) any money distributed or anticipated to be
25 distributed as property tax relief money as provided in

1 [section 6]."

2 Section 13. Section 20-9-343, MCA, is amended to read:

3 "20-9-343. Definition of and revenue for state
4 equalization aid. (1) As used in this title, the term "state
5 equalization aid" means those moneys deposited in the state
6 special revenue fund as required in this section plus any
7 legislative appropriation of moneys from other sources for
8 distribution to the public schools for the purpose of
9 equalization of the foundation program.

10 (2) The legislative appropriation for state
11 equalization aid shall be made in a single sum for the
12 biennium. The superintendent of public instruction has
13 authority to spend such appropriation, together with the
14 earmarked revenues provided in subsection (3), as required
15 for foundation program purposes throughout the biennium.

16 (3) The following shall be paid into the state special
17 revenue fund for state equalization aid to public schools of
18 the state:

19 (a) ~~25%~~ 20 5/6% of all moneys received from the
20 collection of income taxes under chapter 30 of Title 15;

21 (b) ~~25%~~ 20 5/6% of all moneys, except as provided in
22 15-31-702, received from the collection of corporation
23 license and income taxes under chapter 31 of Title 15, as
24 provided by 15-1-501;

25 (c) 10% of the moneys received from the collection of

1 the severance tax on coal under chapter 35 of Title 15;

2 (d) 100% of the moneys received from the treasurer of
3 the United States as the state's shares of oil, gas, and
4 other mineral royalties under the federal Mineral Lands
5 Leasing Act, as amended;

6 (e) interest and income moneys described in 20-9-341
7 and 20-9-342;

8 (f) income from the local impact and education trust
9 fund account; and

10 (g) in addition to these revenues, the surplus
11 revenues collected by the counties for foundation program
12 support according to 20-9-331 and 20-9-333 shall be paid
13 into the same state special revenue fund.

14 (4) Any surplus revenue in the state equalization aid
15 account in the second year of a biennium may be used to
16 reduce the appropriation required for the next succeeding
17 biennium [or may be transferred to the state permissive
18 account if revenues in that fund are insufficient to meet
19 the state's permissive amount obligation]."

20 NEW SECTION. Section 14. Codification instructions.

21 (1) Section 1 and sections 4 through 6 are intended to be
22 codified as an integral part of Title 7, chapter 6, and the
23 provisions of Title 7 apply to section 1 and sections 4
24 through 6.

25 (2) Section 2 is intended to be codified as an

1 integral part of Title 15, chapter 30, part 1, and the
2 provisions of Title 15, chapter 30, apply to section 2.

3 (3) Section 3 is intended to be codified as an
4 integral part of Title 15, chapter 31, part 1, and the
5 provisions of Title 15, chapter 31, apply to section 3.

6 NEW SECTION. Section 15. Nonseverability. It is the
7 intent of the legislature that each part of this act is
8 essentially dependent upon every other part, and if one part
9 is held unconstitutional or invalid, all other parts are
10 invalid.

11 NEW SECTION. Section 16. Extension of authority. Any
12 existing authority of the department of revenue or the
13 department of commerce to make rules on the subject of the
14 provisions of this act is extended to the provisions of this
15 act.

16 NEW SECTION. Section 17. Applicability date. This act
17 applies to taxable years beginning after December 31, 1986.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB527, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

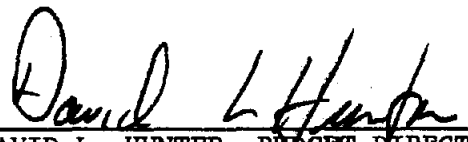
An act providing a legislative response to the provisions of Initiative 105 adopted by the voters of Montana on November 4, 1986; establishing a property tax relief program; imposing a 20 percent surtax on individual income and corporate license or income tax; and providing an applicability date.

ASSUMPTIONS:

1. The Revenue Estimating Advisory Council's individual and corporate income tax estimates provide the basis for comparison.
2. Corporate tax collections will be \$53,063,000 in FY88 and \$58,995,000 in FY89. Payments by financial institutions will be \$6,140,000 of the total in FY88 and \$6,826,250 in FY89.
3. Individual income tax collections will be \$208,088,000 in FY88 and \$229,991,000 in FY89.
4. A 20 percent individual income tax surtax will raise \$39,680,000 in FY88 and \$44,060,000 in FY89. The corporate license tax surtax will raise \$5,556,000 in FY88 and \$10,460,000 in FY89 (OBPP). FY88 receipts are lower because the surtax will affect only 60 percent of the FY88 receipts.
5. Financial institutions are assumed to pay 11.57 percent of the total corporate license tax collections (REAC).
6. It is assumed that the individual income tax distribution is changed effective July 1, 1987 and the corporate license tax distribution is changed effective April 1, 1988 (see technical note).

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Individual Income Tax	\$208,088,000	\$247,768,000	\$39,680,000	\$229,991,000	\$274,051,000	\$44,060,000
Corporate License Tax	\$53,063,000	\$58,619,000	\$5,556,000	\$58,995,000	\$69,455,000	\$10,460,000

 DATE 2/2/87

DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 2/2/87

DAN HARRINGTON, PRIMARY SPONSOR

Fiscal Note for HB527, as introduced.

HB 527

Fund Information:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
General Fund	\$163,992,960	\$187,844,527	\$23,851,567	\$181,456,000	\$210,016,923	\$28,560,923
Foundation Program	64,059,750	73,376,769	9,317,019	70,881,250	82,037,861	11,156,611
Sinking Fund	28,186,290	32,285,778	4,099,488	31,187,750	36,096,658	4,908,908
Local Governments	4,912,000	5,426,312	514,312	5,461,000	6,429,270	968,270
Property Relief	0	7,453,614	7,453,614	0	8,925,288	8,925,288

EFFECT ON LOCAL GOVERNMENT REVENUES:

The additional revenue to local governments, or the amount of potential property tax relief, is shown in the fund distribution.

TECHNICAL OR MECHANICAL DEFECTS:

The proposal needs effective dates for the changes in the fund distributions. The surtax will not affect corporate tax collections until the final quarter of FY88 due to the time lags involved. Likewise, the new withholding tables for the surtax can not be in place before the beginning of FY88.

Failure to adjust effective dates for the timing of the surtax receipts will reduce distributions to the general fund, the school foundation program and the sinking fund below the amounts in the Executive Budget.