

HB 756 INTRODUCED BY COHEN, ET AL.  
PROVIDING AN INDIVIDUAL INCOME TAX CREDIT AGAINST  
PROPERTY TAXES PAID

2/14 INTRODUCED  
2/14 REFERRED TO TAXATION  
2/14 FISCAL NOTE REQUESTED  
2/20 FISCAL NOTE RECEIVED  
3/06 HEARING  
3/12 TABLED IN COMMITTEE

1 *House* BILL NO. *756*  
 2 INTRODUCED BY *Sam Gian* *David Nisbet Moore*  
 3 *Richard E. Manning Harrington* *William B. Becken*  
 4 A BILL FOR AN ACT ENTITLED "AN ACT PROVIDING AN INDIVIDUAL *Russell*  
 5 INCOME TAX CREDIT AGAINST PROPERTY TAXES PAID; AND PROVIDING *Robert*  
 6 A RETROACTIVE APPLICABILITY DATE." *Ally Vincent* *Mike*  
 7 *Mark P. Coy* *Paul* *Schye*  
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: *Ken*

9 Section 1. Property tax credit. (1) For the purposes *Manue*  
 10 of this section, the following definitions apply: *Shirley* *Therese*  
 11 (a) "Homestead" means a single-family dwelling or unit *Rear*  
 12 of a multiple-unit dwelling that is subject to ad valorem  
 13 taxes in Montana and owned and occupied as a residence by  
 14 the owner and as much of the surrounding land, but not in  
 15 excess of 1 acre, as is reasonably necessary for its use as  
 16 a dwelling.  
 17 (b) "Household" means an association of persons who  
 18 live in the same dwelling, sharing its furnishings,  
 19 facilities, accommodations, and expenses. The term does not  
 20 include bona fide lessees, tenants, or roomers and boarders  
 21 on contract.  
 22 (c) "Property tax" means general ad valorem taxes  
 23 levied against the homestead, exclusive of special  
 24 assessments, penalties, or interest.  
 25 (2) Except as provided in subsection (3), a taxpayer

1 is entitled to receive a credit against taxes imposed under  
 2 this chapter equal to the amount of property tax paid by the  
 3 taxpayer during the taxable year or \$200, whichever is less.  
 4 (3) (a) A taxpayer who files a claim with the  
 5 department under 15-30-171 through 15-30-179 is ineligible  
 6 to receive a credit under this section.  
 7 (b) Only one taxpayer in each household is eligible to  
 8 receive a credit under this section.  
 9 Section 2. Extension of authority. Any existing  
 10 authority of the department of revenue to make rules on the  
 11 subject of the provisions of this act is extended to the  
 12 provisions of this act.  
 13 Section 3. Codification instruction. Section 1 is  
 14 intended to be codified as an integral part of Title 15,  
 15 chapter 30, and the provisions of Title 15, chapter 30,  
 16 apply to section 1.  
 17 Section 4. Applicability. This act applies to taxable  
 18 years beginning after December 31, 1986.

-End-



-2- INTRODUCED BILL  
 HB 756

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB756, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing an individual income tax credit against property taxes paid; and providing a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax receipts, under the current law, will be \$208,088,000 in FY88 and \$229,991,000 in FY89 (REAC).
2. Under the proposed law, the property tax credit would offset income tax liability. For those households affected by the proposal, state income tax liability would exceed the allowable credit.
3. Under the proposed law, 60,745 filers would be eligible for a property tax credit below the \$200 maximum. The average credit for these individuals would be \$129 (Department of Revenue, Research Bureau estimate).
4. Under the proposed law, 124,800 filers would be eligible for the full \$200 property tax credit (Department of Revenue, Research Bureau estimate).
5. Calculation of the proposed property tax credit will require a worksheet in the income tax booklet at \$15,000 per year.
6. Implementation and administration of the proposed law will require an additional FTE (grade 10, step 2 (\$19,060 per year; salary and benefits)).

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	\$208,088,000	\$175,291,895	(\$32,796,105)	\$229,991,000	\$197,194,895	(\$32,796,105)

Expenditure Impact:

Personal Services	\$ 0	\$ 23,060	\$ 23,060	\$ 0	\$ 23,060	\$ 23,060
Operating Expense	0	23,610	23,610	0	15,600	15,600
TOTAL	\$ 0	\$ 46,670	\$ 46,670	\$ 0	\$ 38,660	\$ 38,660

NET EFFECT: \$208,088,000 \$175,245,225 (\$32,842,775) \$229,991,000 \$197,156,235 (\$32,834,765)

Fund Information:

General Fund	\$133,176,000	\$112,186,813	(\$20,989,187)	\$147,194,000	\$126,204,733	(\$20,989,267)
Foundation Program	\$ 52,022,000	\$ 43,822,974	(\$ 8,199,026)	\$ 57,498,000	\$ 49,298,724	(\$8,199,276)
Debt Service Fund	\$ 22,890,000	\$ 19,282,108	(\$ 3,607,892)	\$ 25,299,000	\$ 21,691,438	(\$3,607,562)

*David L Hunter* DATE 2/20/87

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

**DON'T AGREE**  
DATE

BEN COHEN, PRIMARY SPONSOR

Fiscal Note for HB756, as introduced.

**HB 756**

Fiscal Note Request, HB756, as introduced.

Form BD-15

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TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The proposed law would be simpler to administer if the credit were allowed for property taxes "billed" rather than property taxes "paid".

The proposed law does not explain how the property tax credit is to be handled in the case of part-year residents.

It appears that the intent of the proposal is to allow a credit for property taxes paid in addition to the property tax deduction already allowed in computing income tax under current law.

HB 756