

HB 811 INTRODUCED BY STANG, ET AL.  
IMPOSE EDUCATION TAX ON FILERS OF INDIVIDUAL INCOME  
TAX RETURNS

2/18 INTRODUCED  
2/18 REFERRED TO TAXATION  
2/18 FISCAL NOTE REQUESTED  
2/23 FISCAL NOTE RECEIVED  
3/10 HEARING  
3/16 TABLED IN COMMITTEE

1 House BILL NO. 811  
 2 INTRODUCED BY Stang Marku  
 3 Nisbet

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPOSE AN EDUCATION  
 5 TAX, TO BE FILED WITH INDIVIDUAL INCOME TAX RETURNS, FOR  
 6 DEPOSIT IN THE STATE SPECIAL REVENUE FUND FOR STATE  
 7 EQUALIZATION AID TO PUBLIC SCHOOLS OF THE STATE; AMENDING  
 8 SECTION 20-9-343, MCA; AND PROVIDING A RETROACTIVE  
 9 APPLICABILITY DATE."

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

12 NEW SECTION. Section 1. Education tax. (1) Each  
 13 individual taxpayer who is required to file an income tax  
 14 return under Title 15, chapter 30, shall remit with the  
 15 income tax return an education tax as prescribed in  
 16 subsection (2) for deposit in the state special revenue fund  
 17 for state equalization aid to public schools of the state.

18 (2) Single individuals and married individuals filing  
 19 jointly shall pay a \$10 education tax per return. Married  
 20 individuals filing separately shall pay a \$10 education tax  
 21 per filer.

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

23 "20-9-343. Definition of and revenue for state  
 24 equalization aid. (1) As used in this title, the term "state  
 25 equalization aid" means those moneys deposited in the state

1 special revenue fund as required in this section plus any  
 2 legislative appropriation of moneys from other sources for  
 3 distribution to the public schools for the purpose of  
 4 equalization of the foundation program.

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

11 (3) The following shall be paid into the state special  
 12 revenue fund for state equalization aid to public schools of  
 13 the state:

14 (a) 25% of all moneys received from the collection of  
 15 income taxes, plus all of the education tax collected with  
 16 income taxes, under chapter 30 of Title 15;

17 (b) 25% of all moneys, except as provided in  
 18 15-31-702, received from the collection of corporation  
 19 license taxes under chapter 31 of Title 15, as provided by  
 20 15-1-501;

21 (c) 10% of the moneys received from the collection of  
 22 the severance tax on coal under chapter 35 of Title 15;

23 (d) 100% of the moneys received from the treasurer of  
 24 the United States as the state's shares of oil, gas, and  
 25 other mineral royalties under the federal Mineral Lands



1 Leasing Act, as amended;

2 (e) interest and income moneys described in 20-9-341  
3 and 20-9-342;

4 (f) income from the local impact and education trust  
5 fund account; and

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

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

16 NEW SECTION. Section 3. Codification instruction.  
17 Section 1 is intended to be codified as an integral part of  
18 Title 15, chapter 30, and the provisions of Title 15,  
19 chapter 30, apply to section 1.

20 NEW SECTION. Section 4. Extension of authority. Any  
21 existing authority of the department of revenue to make  
22 rules on the subject of the provisions of this act is  
23 extended to the provisions of this act.

24 NEW SECTION. Section 5. Applicability. This act  
25 applies to taxable years beginning after December 31, 1986.

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB811, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to impose an education tax, to be filed with individual income tax returns, for deposit in the state special revenue fund for state equilization aid to public schools of the state; providing a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax revenues under current law are \$208,088,000 in FY88, and \$229,991,000 in FY89 (REAC).
2. Number of returns filed remains at the 1985 level of 404,115 returns.
3. The education tax is \$10 per return (married couples filing separately on the same form count as two returns).
4. The proposed education tax would result in administrative costs to the Income Tax Division of the Department of Revenue of \$17,810 in FY88 and \$9,500 in FY89.

FISCAL 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>
<u>Revenue Impact:</u>						
Individual Income Tax	\$208,088,000	\$212,129,150	\$4,041,150	\$229,991,000	\$234,032,150	\$4,041,150
<u>Fund Information:</u>						
General Fund	\$133,176,320	\$133,176,320	\$ 0	\$147,194,240	\$147,194,240	\$ 0
Foundation Program	52,022,000	56,063,150	4,041,150	57,497,750	61,538,900	4,041,150
Debt Service Fund	22,889,680	22,889,680	0	25,299,010	25,299,010	0
TOTAL	\$208,088,000	\$212,129,150	\$4,041,150	\$229,991,000	\$234,032,150	\$4,041,150
<u>Expenditures:</u>						
Personal Services	\$ 0	\$ 13,010	\$ 13,010	\$ 0	\$ 8,900	\$ 8,900
Operating Expense	0	4,800	4,800	0	600	600
TOTAL	\$ 0	\$ 17,810	\$ 17,810	\$ 0	\$ 9,500	\$ 9,500

*David L. Hunter*

DATE 2/23/87

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

*Spook Stang*

DATE 2/24/87

SPOOK STANG, PRIMARY SPONSOR

Fiscal Note for HB811, as introduced.

*HB 811*