

SB 393 INTRODUCED BY ECK, RANEY
REQUIRE MINIMUM INCOME TAX -- PERCENTAGE OF FEDERAL
MINIMUM INCOME TAX

3/06 INTRODUCED
3/06 REFERRED TO TAXATION
3/06 FISCAL NOTE REQUESTED
3/10 HEARING
3/12 FISCAL NOTE RECEIVED
3/13 TABLED IN COMMITTEE

1 *Senate* BILL NO. *393*
 2 INTRODUCED BY *Bob Kamey*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A SEPARATE
 5 MINIMUM INCOME TAX THAT IS A PERCENTAGE OF THE FEDERAL
 6 ALTERNATIVE MINIMUM TAX DETERMINATION; AND PROVIDING AN
 7 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY
 8 DATE."
 9

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

11 Section 1. Minimum income tax. (1) There is a separate
 12 minimum income tax to be added to any other amount of income
 13 tax determined pursuant to this chapter.

14 (2) The tax is 39% of the amount of tax determined
 15 under 26 U.S.C. 55, as amended.

16 (3) All means available for the administration and
 17 enforcement of income taxes must be applied to the minimum
 18 income tax.

19 Section 2. Codification instruction. Section 1 is
 20 intended to be codified as an integral part of Title 15,
 21 chapter 30, and the provisions of Title 15, chapter 30,
 22 apply to section 1.

23 Section 3. Extension of authority. Any existing
 24 authority of the department of revenue to make rules on the
 25 subject of the provisions of this act is extended to the

1 provisions of this act.
 2 Section 4. Effective date -- retroactive
 3 applicability. This act is effective on passage and approval
 4 and applies to taxable years beginning after December 31,
 5 1986.

-End-



-2- INTRODUCED BILL
 SB-393

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB393, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a separate minimum income tax that is a percentage of the federal alternative minimum tax determination; providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The Revenue Estimating Advisory Council's estimates provide the basis for comparison, unless otherwise noted.
2. Individual income tax collections will be \$208,088,000 in FY88 and \$229,991,000 in FY89.
3. An individual "add-on" minimum tax set at 39% of the federal alternative minimum tax is estimated to raise an additional \$3,250,000 each year (based on federal statistics).

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	\$208,088,000	\$211,338,000	\$ 3,250,000	\$229,991,000	\$233,241,000	\$ 3,250,000

Fund Information:

	FY88 Current Law	FY88 Proposed Law	FY88 Difference	FY89 Current Law	FY89 Proposed Law	FY89 Difference
General Fund	\$133,176,320	\$135,256,320	\$ 2,080,000	\$147,194,240	\$149,274,240	\$ 2,080,000
School Equalization	52,022,000	52,834,500	812,500	57,497,750	58,310,250	812,500
Debt Service Fund	22,889,680	23,247,180	357,500	25,299,010	25,656,510	357,500
TOTAL	\$208,088,000	\$211,338,000	\$ 3,250,000	\$229,991,000	\$233,241,000	\$ 3,250,000

Expenditure Impact: (General Fund)

Systems development and additional administrative costs are estimated to be \$8,710 in FY88, and \$700 each year thereafter.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The above revenue effects are based on the assumption that only those individuals liable for a federal alternative minimum tax payment would be liable for a state add-on minimum tax. Also, the revenue effects are based on the assumption that the state add-on tax would be equal to 39% of the tax on preference items that is in excess of the taxpayer's regular federal income tax.

David L. Hunter

DATE

3/12/87

DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

Dorothy Eck

DATE

DOROTHY ECK, PRIMARY SPONSOR

Fiscal Note for SB393, as introduced.

SB 393