

HOUSE BILL NO. 564

INTRODUCED BY MCCORMICK, HANSEN, WYATT, O'CONNELL,
STRIZICH, MANNING, NISBET, VINCENT

IN THE HOUSE

FEBRUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 4, 1989	FIRST READING.
MARCH 1, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 2, 1989	PRINTING REPORT.
MARCH 3, 1989	SECOND READING, DO PASS.
MARCH 4, 1989	ENGROSSING REPORT.
MARCH 6, 1989	THIRD READING, PASSED. AYES, 78; NOES, 14.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 7, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
MARCH 30, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 31, 1989	SECOND READING, CONCURRED IN.
APRIL 3, 1989	THIRD READING, CONCURRED IN. AYES, 49; NOES, 1.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 4, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 5, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *HOUSE* BILL NO. *564*
 2 INTRODUCED BY *McBain* *Shirley* *McBain* *Shirley* *McBain* *Shirley*
 3 *McBain* *Shirley* *McBain* *Shirley* *McBain* *Shirley*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE
 5 RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY TO
 6 QUALIFYING PERSONS WHO RENT FROM HOUSING AUTHORITIES;
 7 AMENDING SECTIONS 15-30-171 AND 15-30-177, MCA; AND
 8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-30-171, MCA, is amended to read:

12 "15-30-171. Residential property tax credit for elderly
 13 -- definitions. As used in 15-30-171 through 15-30-179, the
 14 following definitions apply:

15 (1) "Income" means federal adjusted gross income,
 16 without regard to loss, as that quantity is defined in the
 17 Internal Revenue Code of the United States, plus all
 18 nontaxable income, including but not limited to:

19 (a) the gross amount of any pension or annuity
 20 (including Railroad Retirement Act benefits and veterans'
 21 disability benefits);

22 (b) the amount of capital gains excluded from adjusted
 23 gross income;

24 (c) alimony;

25 (d) support money;

(e) nontaxable strike benefits;
 (f) cash public assistance and relief;
 (g) payments and interest on federal, state, county,
 and municipal bonds; and
 (h) all payments under federal social security.
 (2) "Claim period" means the tax year for individuals
 required to file Montana individual income tax returns and
 the calendar year for individuals not required to file
 returns.
 (3) "Claimant" means an individual natural person who
 is eligible to file a claim under 15-30-172.
 (4) "Household" means an association of persons who
 live in the same dwelling, sharing its furnishings,
 facilities, accommodations, and expenses. The term does not
 include bona fide lessees, tenants, or roomers and boarders
 on contract.
 (5) "Gross household income" means all income received
 by all individuals of a household while they are members of
 the household.
 (6) "Household income" means \$0 or the amount obtained
 by subtracting \$4,000 from gross household income, whichever
 is greater.
 (7) "Homestead" means:
 (a) a single-family dwelling or unit of a multiple-unit
 dwelling that is subject to ad valorem taxes in Montana and

1 as much of the surrounding land, but not in excess of 1
2 acre, as is reasonably necessary for its use as a dwelling;
3 or

4 (b) a single-family dwelling or unit of a multiple-unit
5 dwelling that is rented from a county or municipal housing
6 authority as provided in Title 7, chapter 15.

7 (8) "Department" means the department of revenue.

8 (9) "Gross rent" means the total rent in cash or its
9 equivalent actually paid during the claim period by the
10 renter or lessee for the right of occupancy of the homestead
11 pursuant to an arm's length transaction with the landlord.

12 (10) "Property tax paid" means general ad valorem taxes
13 levied against the homestead, exclusive of special
14 assessments, penalties, or interest and paid during the
15 claim period.

16 (11) "Rent-equivalent tax paid" means 15% of the gross
17 rent."

18 **Section 2.** Section 15-30-177, MCA, is amended to read:

19 "15-30-177. Residential property tax credit for elderly
20 -- limitations. (1) Only one claimant per household in a
21 claim period under the provisions of 15-30-171 through
22 15-30-179 is entitled to relief.

23 (2) No Except as provided in subsection (3), no claim
24 for relief may be allowed for any portion of property taxes
25 paid or rent-equivalent taxes paid that is derived from a

1 public rent or tax subsidy program.

2 (3) No Except for dwellings rented from a county or
3 municipal housing authority, no claim for relief may be
4 allowed on rented lands or rented dwellings that are not
5 subject to ad valorem taxation in Montana during the claim
6 period."

7 **NEW SECTION. Section 3. Extension of authority.** Any
8 existing authority to make rules on the subject of the
9 provisions of [this act] is extended to the provisions of
10 [this act].

11 **NEW SECTION. Section 4. Effective date.** [This act] is
12 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB564, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act extending the residential property tax credit for the elderly to qualifying persons who rent from housing authorities; and providing an immediate effective date.

ASSUMPTIONS:

1. Individual income tax collections are estimated to be \$239,124,000 in FY90, and \$254,428,000 in FY91 (REAC).
2. Currently, there are 586 elderly persons living in housing authority properties in Montana (phone survey of all 10 housing authorities in the state).
3. Currently, none of the above elderly renters are taking the credit; all of the above elderly renters will claim an average credit of \$230 (sample estimate of current renters claiming credit) under the proposal.
4. Any increase in Department of Revenue expenditures will be absorbed utilizing existing resources.


FISCAL IMPACT:Revenue Impact:

	FY '90			FY '91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	\$239,124,000	\$238,989,000	(\$135,000)	\$254,428,000	\$254,293,000	(\$135,000)

Fund Information:

General Fund	\$139,170,168	\$139,091,598	(\$78,570)	\$148,077,096	\$147,998,526	(\$78,570)
Foundation Program	76,041,432	75,998,502	(42,930)	80,908,104	80,865,174	(42,930)
Sinking Fund	23,912,400	23,898,900	(13,500)	25,442,800	25,429,300	(13,500)
Total	\$239,124,000	\$238,989,000	(\$135,000)	\$254,428,000	\$254,293,000	(\$135,000)

This act is effective on passage and approval, so the impact could possibly begin in FY89.

 2/13/89
 RAY SHACKLEFORD, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 2/14/89
 LLOYD J. MCCORMICK, PRIMARY SPONSOR DATE

Fiscal Note for HB564, as introduced

HB 564

APPROVED BY COMMITTEE
ON TAXATION

1 HOUSE BILL NO. 564
2 INTRODUCED BY McLinnigh, Steele, and Hansen against
3 Dr. R. A. N. 1001 Dr. Richard E. Manning Misses Vincent
4 A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE
5 RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY TO
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13 -- definitions. As used in 15-30-171 through 15-30-179, the
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16 without regard to loss, as that quantity is defined in the
17 Internal Revenue Code of the United States, plus all
18 nontaxable income, including but not limited to:

19 (a) the gross amount of any pension or annuity
20 (including Railroad Retirement Act benefits and veterans'
21 disability benefits);

22 (b) the amount of capital gains excluded from adjusted
23 gross income;

24 (c) alimony;

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1 (e) nontaxable strike benefits;
2 (f) cash public assistance and relief;
3 (g) payments and interest on federal, state, county,
4 and municipal bonds; and
5 (h) all payments under federal social security.

6 (2) "Claim period" means the tax year for individuals
7 required to file Montana individual income tax returns and
8 the calendar year for individuals not required to file
9 returns.

10 (3) "Claimant" means an individual natural person who
11 is eligible to file a claim under 15-30-172.

12 (4) "Household" means an association of persons who
13 live in the same dwelling, sharing its furnishings,
14 facilities, accommodations, and expenses. The term does not
15 include bona fide lessees, tenants, or roomers and boarders
16 on contract.

17 (5) "Gross household income" means all income received
18 by all individuals of a household while they are members of
19 the household.

20 (6) "Household income" means \$0 or the amount obtained
21 by subtracting \$4,000 from gross household income, whichever
22 is greater.

23 (7) "Homestead" means:

24 (a) a single-family dwelling or unit of a multiple-unit
25 dwelling that is subject to ad valorem taxes in Montana and

1 as much of the surrounding land, but not in excess of 1
2 acre, as is reasonably necessary for its use as a dwelling;
3 or

4 (b) a single-family dwelling or unit of a multiple-unit
5 dwelling that is rented from a county or municipal housing
6 authority as provided in Title 7, chapter 15.

7 (8) "Department" means the department of revenue.

8 (9) "Gross rent" means the total rent in cash or its
9 equivalent actually paid during the claim period by the
10 renter or lessee for the right of occupancy of the homestead
11 pursuant to an arm's length transaction with the landlord.

12 (10) "Property tax paid" means general ad valorem taxes
13 levied against the homestead, exclusive of special
14 assessments, penalties, or interest and paid during the
15 claim period.

16 (11) "Rent-equivalent tax paid" means 15% of the gross
17 rent."

18 **Section 2.** Section 15-30-177, MCA, is amended to read:

19 "15-30-177. Residential property tax credit for elderly
20 -- limitations. (1) Only one claimant per household in a
21 claim period under the provisions of 15-30-171 through
22 15-30-179 is entitled to relief.

23 (2) No Except as provided in subsection (3), no claim
24 for relief may be allowed for any portion of property taxes
25 paid or rent-equivalent taxes paid that is derived from a

1 public rent or tax subsidy program.

2 (3) No Except for dwellings rented from a county or
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7 NEW SECTION. **Section 3.** Extension of authority. Any
8 existing authority to make rules on the subject of the
9 provisions of [this act] is extended to the provisions of
10 [this act].

11 NEW SECTION. **Section 4.** Effective date. [This act] is
12 effective on passage and approval.

-End-

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 3 *DeLoach, Richard E. Manning, Plus, Bill Vincent*
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-End-

SENATE STANDING COMMITTEE REPORT

March 29, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 564 (third reading copy -- blue), respectfully report that HB 564 be amended and as so amended be concurred in:

Sponsor: McCormick (Walker)

1. Title, line 8.
Strike: "AN IMMEDIATE"
Insert: "A DELAYED"

2. Page 4, line 12.
Strike: "on passage and approval"
Insert: "January 1, 1990"

AND AS AMENDED BE CONCURRED IN

Signed: _____

Bob Brown

Bob Brown, Chairman

SENATE
HB 564

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 7 municipal housing authority as provided in Title 7, chapter
 8 15.

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-End-