

HOUSE BILL 664

Introduced by Schye, et al.

2/13	Introduced
2/13	Referred to Taxation
2/14	Fiscal Note Requested
2/20	Fiscal Note Received
3/15	Hearing
3/15	Fiscal Note Printed
3/22	Committee Report--Bill Passed
3/29	2nd Reading Passed
3/30	3rd Reading Passed

Transmitted to Senate

3/31	Referred to Taxation
4/06	Hearing
4/11	Committee Report--Bill Concurred as Amended
4/12	Rereferred to Taxation
	Died in Committee

1 House BILL NO. 664  
2 INTRODUCED BY Schje  
3 Wayne McClintock  
4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING AN ALTERNATIVE  
5 MINIMUM TAX ON MONTANA INDIVIDUAL INCOME; SETTING THE  
6 ALTERNATIVE MINIMUM TAX RATE AT 8.25 PERCENT; AND PROVIDING  
7 AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
8 DATE."  
9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11 NEW SECTION. Section 1. Montana alternative minimum  
12 tax. (1) A minimum tax must be levied, collected, and paid  
13 for each taxable year commencing after December 31, 1988,  
14 upon the income of every taxpayer subject to the provisions  
15 of this chapter.  
16 (2) A person who is a resident of Montana shall file a  
17 Montana alternative minimum tax return if he:  
18 (a) is required by section 55 of the Internal Revenue  
19 Code to pay a federal alternative minimum tax; or  
20 (b) has received interest from obligations of another  
21 state or political subdivision of another state that is  
22 exempt from taxation pursuant to section 103(a) of the  
23 Internal Revenue Code and the amount of interest exceeds:  
24 (i) \$40,000, if married and filing jointly;  
25 (ii) \$30,000, if single or head of a household;

1 (iii) \$20,000, if married and filing separately.  
2 (3) A person who is a nonresident or who is a part-year  
3 resident of Montana shall file a Montana alternative minimum  
4 tax return if he has one or more tax preference items, as  
5 defined in sections 55 through 59 of the Internal Revenue  
6 Code, that are attributable to income derived from sources  
7 in this state and that income exceeds:  
8 (a) \$40,000, if married and filing jointly;  
9 (b) \$30,000, if single or head of a household;  
10 (c) \$20,000, if married and filing separately.  
11 (4) For a resident, the taxpayer's federal alternative  
12 minimum taxable income, less the applicable exemption amount  
13 provided for in section 55 of the Internal Revenue Code,  
14 must be increased by the amount of interest received from  
15 obligations of another state or political subdivision of  
16 another state, which sum is reduced by the following:  
17 (a) all interest received from obligations of the  
18 United States government;  
19 (b) all railroad retirement benefits; and  
20 (c) all income earned by an enrolled member of a  
21 federally recognized Indian tribe while living and working  
22 on a federally established Indian reservation.  
23 (5) (a) For a nonresident or part-year resident, the  
24 taxpayer's federal alternative minimum taxable income, less  
25 the applicable exemption amount provided for in section 55

of the Internal Revenue Code, must be prorated to determine his Montana alternative minimum taxable income. The prorated income is calculated by dividing the Montana adjusted gross income determined pursuant to 15-30-131 by the federal adjusted gross income and multiplying this percentage by the taxpayer's federal alternative minimum taxable income.

(b) The taxpayer's prorated Montana alternative minimum taxable income is then adjusted to include the interest received from obligations of another state or a political subdivision of another state if the interest is used in a trade, occupation, or business carried on in this state.

(c) The taxpayer's prorated Montana alternative minimum taxable income is then reduced by:

(i) all interest received from obligations of the United States government;

(ii) all railroad retirement benefits; and

(iii) all income earned by an enrolled member of a federally recognized Indian tribe while living and working on a federally established Indian reservation.

(d) For residents, nonresidents, and part-year residents, a tax rate of 8.25% must be applied to the Montana alternative minimum taxable income. The taxpayer shall pay the greater amount of the Montana alternative minimum tax or the tax provided for in:

(i) 15-30-111, if a resident; or

(ii) 15-30-131, if a nonresident or part-year resident.

(6) Each taxpayer shall furnish with his Montana alternative minimum tax return a copy of his federal alternative minimum tax return.

**NEW SECTION. Section 2. Codification instruction.**

[Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, apply to [section 1].

**NEW SECTION. Section 3. Extension of authority. Any**

existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

**NEW SECTION. Section 4. Retroactive applicability.**

[This act] applies retroactively, within the meaning of 1-2-109, to taxable years beginning after December 31, 1988.

**NEW SECTION. Section 5. Effective date. [This act] is**

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 HB664, as introducedDESCRIPTION OF PROPOSED LEGISLATION:

An act imposing an alternative minimum tax on Montana individual income; setting the alternative minimum tax rate at 8.25%; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax collections are estimated to be \$239,124,000 in FY90, and \$254,428,000 in FY91 (REAC).
2. Over the period 1983 - 1986, the federal alternative minimum tax increased federal revenue an average of 1.3% annually. A state alternative minimum tax closely patterned after the federal tax is assumed to increase state revenue approximately 1.3% also.
3. Additional administrative expense needed to implement and maintain the alternative minimum tax is estimated to be \$16,708 in FY90, and \$2,198 in FY91.

FISCAL IMPACT:Revenue Impact:

	FY '90				FY '91		
Individual	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference	
Income Tax	\$239,124,000	\$242,224,000	\$3,100,000	\$254,428,000	\$257,728,000	\$3,300,000	

Fund Information:

General Fund	\$139,170,168	\$140,974,368	\$1,804,200	\$148,077,096	\$149,997,696	\$1,920,600	
Foundation Program	76,041,432	77,027,232	985,800	80,908,104	81,957,504	1,049,400	
Sinking Fund	23,912,400	24,222,400	310,000	25,442,800	25,772,800	330,000	
Total	\$239,124,000	\$242,224,000	\$3,100,000	\$254,428,000	\$257,728,000	\$3,300,000	

Expenditure Impact:

General Fund							
Personal Services \$	0	\$ 11,418	\$ 11,418	\$ 0	\$ 1,428	\$ 1,428	
Operating Expense	0	5,290	5,290	0	770	770	
Total	\$ 0	\$ 16,708	\$ 16,708	\$ 0	\$ 2,198	\$ 2,198	

Ray Shackelford 2/18/89  
 RAY SHACKLEFORD, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

Ted Schye  
 TED E. SCHYE, PRIMARY SPONSOR DATE

Fiscal Note for HB664, as introduced**HB 664**

APPROVED BY COMMITTEE  
ON TAXATION

1 House BILL NO. 664  
2 INTRODUCED BY Schje  
3 Hayes DeBenedictis  
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20 (d) For residents, nonresidents, and part-year  
 21 residents, a tax rate of 8.25% must be applied to the  
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 6 [Section 1] is intended to be codified as an integral part  
 7 of Title 15, chapter 30, part 1, and the provisions of Title  
 8 15, chapter 30, apply to [section 1].

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 15 1-2-109, to taxable years beginning after December 31, 1988.

16 NEW SECTION. **Section 5.** Effective date. [This act] is  
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3 Kayser V. O. Kelly  
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-End-



SENATE STANDING COMMITTEE REPORT

April 11, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration HB 664 (third reading copy -- blue), respectfully report that HB 664 be amended and as so amended be concurred in:

Sponsor: Schye (Walker)

1. Page 4.

Following: line 12

Insert: "NEW SECTION. Section 4. Coordination instruction. If [this act] is passed and approved and Senate Bill No. 469 is not passed by the 51st legislature or is not approved by the people at the special election, [this act] is void."

Renumber: subsequent sections

AND AS AMENDED BE CONCURRED IN

Signed: \_\_\_\_\_

  
Bob Brown, Chairman

SENATE  
HB 664