

HOUSE BILL 737

Introduced by Ramirez

2/16	Introduced
2/16	Referred to Taxation
3/06	Fiscal Note Requested
3/08	Hearing
3/11	Fiscal Note Received
3/28	Fiscal Note Printed
	Died in Committee

1 HOUSE BILL NO. 737
 2 INTRODUCED BY Ramsey
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAX RATES
 5 FOR INDIVIDUAL INCOME TAXPAYERS; AMENDING SECTION 15-30-103,
 6 MCA; AND PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE
 7 APPLICABILITY DATE."
 8

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

10 **Section 1.** Section 15-30-103, MCA, is amended to read:

11 "15-30-103. Rate of tax. (1) There shall be levied,
 12 collected, and paid for each taxable year commencing on or
 13 after December 31, 1968, upon the taxable income of every
 14 taxpayer subject to this tax, after making allowance for
 15 exemptions and deductions as hereinafter provided, a tax on
 16 the following brackets of taxable income as adjusted under
 17 subsection (2) at the following rates:

18 (a) on the first \$1,000 \$1,500 of taxable income or
 19 any part thereof, 2%;

20 (b) on the next \$1,000 \$1,500 of taxable income or any
 21 part thereof, 3%;

22 (c) on the next \$2,000 \$3,000 of taxable income or any
 23 part thereof, 4%;

24 (d) on the next \$2,000 \$3,000 of taxable income or any
 25 part thereof, 5%;

1 (e) on the next \$2,000 of taxable income or any part
 2 thereof, 6%;

3 (f) on the next \$2,000 of taxable income or any part
 4 thereof, 7%;

5 (g) on the next ~~\$4,000~~ \$2,000 of taxable income or any
 6 part thereof, 8%;

7 ~~(h) on the next \$6,000 of taxable income or any part~~
 8 ~~thereof, 9%;~~

9 ~~(i) on the next \$15,000 of taxable income or any part~~
 10 ~~thereof, 10%;~~

11 ~~(j)~~ (h) on any taxable income in excess of \$35,000
 12 \$15,000 or any part thereof, ~~11%~~ 9%.

13 (2) By November 1 of each year, the department shall
 14 multiply the bracket amount contained in subsection (1) by
 15 the inflation factor for that taxable year and round the
 16 cumulative brackets to the nearest \$100. The resulting
 17 adjusted brackets are effective for that taxable year and
 18 shall be used as the basis for imposition of the tax in
 19 subsection (1) of this section."

20 NEW SECTION. **Section 2.** Extension of authority. Any
 21 existing authority to make rules on the subject of the
 22 provisions of [this act] is extended to the provisions of
 23 [this act].

24 NEW SECTION. **Section 3.** Retroactive applicability.
 25 [This act] applies to taxable years beginning after December

LC 0046/01

1 31, 1988.

2 NEW SECTION. **Section 4.** Effective date. [This act] is

3 effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB737, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the tax rates for individual income taxpayers; and providing an effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax collections are projected to be \$239,124,000 in FY90, and \$254,428,000 in FY91 (REAC).
2. The rates provided for in this proposal are approximately revenue-neutral over the next biennium, assuming the interaction with the indexation adjustments is corrected.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	\$239,124,000	\$240,200,000	\$1,076,000	\$254,428,000	\$254,334,000	\$ (94,000)
<u>Fund Information:</u>						
General Fund	\$139,170,168	\$139,796,400	\$ 626,232	\$148,077,096	\$148,022,388	(54,708)
Foundation Program	76,041,432	76,383,600	342,168	80,908,104	80,878,212	(29,892)
Sinking Fund	23,912,400	24,020,000	107,600	25,442,800	25,433,400	(9,400)
Total	\$239,124,000	\$240,200,000	\$1,076,000	\$254,428,000	\$254,334,000	\$ (94,000)

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The above revenue impacts assume that the rates provided for in this proposal are the actual rates in effect for calendar year 1989, and that these rates would be adjusted each year for inflation beginning in calendar year 1990. For these rates to be revenue-neutral, Section 15-30-101, MCA, should be amended to change the consumer price index base year for taxable income brackets from 1980 to 1989.

Dave Lewis DATE 3/13/89
DAVE LEWIS, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

Jack Ramirez DATE 3/22/89
JACK RAMIREZ, PRIMARY SPONSOR

Fiscal Note for HB737, as introduced

HB 737