

SENATE BILL NO. 283

INTRODUCED BY CRIPPEN, VAN VALKENBURG

IN THE SENATE

JANUARY 28, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
FEBRUARY 3, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 4, 1989	PRINTING REPORT.
FEBRUARY 7, 1989	SECOND READING, DO PASS.
FEBRUARY 8, 1989	ENGROSSING REPORT.
FEBRUARY 9, 1989	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 19, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 20, 1989	FIRST READING.
MARCH 30, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 3, 1989	SECOND READING, CONCURRED IN.
	THIRD READING, CONCURRED IN. AYES, 76; NOES, 19.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 11, 1989	RECEIVED FROM HOUSE.
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SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 12, 1989

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 13, 1989

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 19, 1989

FREE CONFERENCE COMMITTEE REPORTED.

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

ON MOTION, RULES SUSPENDED AND BILL
PLACED ON THIRD READING THIS DAY.

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE HOUSE

APRIL 20, 1989

FREE CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 21, 1989

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1
2 INTRODUCED BY *Senate* BILL NO. *293*
Ernest Van Velleberg
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONTINUE THE
5 AVAILABILITY OF TAX CREDITS FOR QUALIFIED MONTANA CAPITAL
6 COMPANIES UNTIL JUNE 30, 1993; AMENDING SECTION 90-8-202,
7 MCA; AND PROVIDING AN EFFECTIVE DATE."
8

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

10 **Section 1.** Section 90-8-202, MCA, is amended to read:

11 "90-8-202. Designation of qualified Montana capital
12 companies -- tax credit. (1) The board shall designate as
13 qualified Montana capital companies those certified
14 companies that have been privately capitalized at a minimum
15 level of \$200,000. A certified company seeking designation
16 as a qualified Montana capital company must make written
17 application to the board on forms provided by the board.
18 The application must contain the information required by
19 90-8-204 and such other information as the board requires.

20 (2) (a) The total amount of tax credits authorized for
21 a single qualified company may not exceed \$1,500,000. In the
22 event the capitalization of the company is later increased,
23 the company may apply for authorization of additional tax
24 credits within the foregoing limitation.

25 (b) The total credits authorized for all companies may

1 not exceed a total of \$1 million prior to June 30, 1985. The
2 total credits authorized for all companies between July 1,
3 1985, and June 30, 1987, may not exceed \$1 million plus any
4 portion of the \$1 million available for authorization before
5 June 30, 1985, that is allocated to qualified companies. The
6 total credits authorized for all companies between July 1,
7 1987, and June 30, 1989, may not exceed \$3 million plus any
8 portion of the credits available for authorization before
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11 1, 1989, and June 30, 1991, may not exceed \$3 million plus
12 any portion of the credits available for authorization
13 before June 30, 1989, that is allocated to qualified
14 companies. The total credits authorized for all companies
15 between July 1, 1991, and June 30, 1993, may not exceed \$3
16 million plus any portion of the credits available for
17 authorization before June 30, 1991, that is allocated to
18 qualified companies.

19 (3) The credits shall be allocated to qualified
20 companies in the order that completed applications for
21 designation as qualified capital companies are received by
22 the board, and the board shall certify to each such company
23 its appropriate allocation.

24 (4) Investors in a qualified Montana capital company
25 are entitled to the tax credits provided for in subsection

1 (5). Funds invested in a certified company prior to
 2 designation as a qualified Montana capital company may, at
 3 the discretion of the investor, be placed in an escrow
 4 account in a Montana financial institution pending
 5 designation of the company as a qualified Montana capital
 6 company.

7 (5) Subject to the provisions of subsection (2), an
 8 individual, small business corporation, partnership, or
 9 corporate taxpayer who makes a capital investment in a
 10 qualified Montana capital company is entitled to a tax
 11 credit equal to 50% of the investment, up to a maximum
 12 credit of \$150,000 per taxpayer. The credit may be taken
 13 against the tax liability imposed on the investor pursuant
 14 to Title 15, chapter 30 or 31. The credit for investments
 15 by a small business corporation electing to be taxed under
 16 15-31-202 or a partnership may be claimed by the small
 17 business corporation shareholders or the partners.

18 (6) The tax credit allowed under subsection (5) is to
 19 be credited against the taxpayer's income tax liability for
 20 the taxable year in which the investment in a qualified
 21 Montana capital company is made. If the amount of the tax
 22 credit exceeds the taxpayer's tax liability for the taxable
 23 year, the amount of the credit which exceeds the tax
 24 liability may be carried back or carried forward in
 25 accordance with the provisions of section 46(b) of the

1 Internal Revenue Code, as amended.

2 (7) The tax credit provided for in this section is
 3 available only to those taxpayers who invest in a qualified
 4 Montana capital company within 4 5 years of July 1, 1987
 5 1988."

6 NEW SECTION. **Section 2.** Extension of authority. Any
 7 existing authority to make rules on the subject of the
 8 provisions of [this act] is extended to the provisions of
 9 [this act].

10 NEW SECTION. **Section 3.** Effective date. [This act] is
 11 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 SB283, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to continue availability of tax credits for qualified Montana Capital Companies until June 30, 1993; and providing an effective date.

FISCAL IMPACT:

Under current law, the Montana Capital Company credit is available to qualified taxpayers until July 1, 1991 (MCA 90-8-202). This proposal extends the credit until July 1, 1993 and has no revenue or expenditure impact for the 1990-91 biennium.

Ray Shackleford 2/3/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Bruce D. Crippen 2-3-89
BRUCE D. CRIPPEN, PRIMARY SPONSOR DATE

Fiscal Note for SB283, as introduced

SB 283

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Revised Fiscal Note for SB283, as introduced.

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An act to continue availability of tax credits for qualified Montana Capital Companies until June 30, 1993; and providing an effective date.


FISCAL IMPACT:

Under current law, the Montana Capital Company credit is available to qualified taxpayers until July 1, 1991 (MCA 90-8-202). This proposal extends the credit until July 1, 1993 and has no revenue or expenditure impact for the next biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This act provides for additional authorized credits in the amount of \$3.0 million for the period July 1, 1991 through June 30, 1993. The maximum impact assumes that all of these credits would be authorized, allocated, and used. This would result in a reduction in income tax collections of \$3.0 million over the coming biennium.

 2/15/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

 2-15-89
BRUCE D. CRIPPEN, PRIMARY SPONSOR DATE

Revised Fiscal Note for SB283, as introduced

Revised**SB 283**

APPROVED BY COMMITTEE
ON TAXATION

1 *Senate* BILL NO. *283*
2 INTRODUCED BY *Sen. Van Vleet*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CONTINUE THE
5 AVAILABILITY OF TAX CREDITS FOR QUALIFIED MONTANA CAPITAL
6 COMPANIES UNTIL JUNE 30, 1993; AMENDING SECTION 90-8-202,
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19 90-8-204 and such other information as the board requires.

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(6) The tax credit allowed under subsection (5) is to be credited against the taxpayer's income tax liability for the taxable year in which the investment in a qualified Montana capital company is made. If the amount of the tax credit exceeds the taxpayer's tax liability for the taxable year, the amount of the credit which exceeds the tax liability may be carried back or carried forward in accordance with the provisions of section 46(b) of the

Internal Revenue Code, as amended.

(7) The tax credit provided for in this section is available only to those taxpayers who invest in a qualified Montana capital company within 4 5 years of July 1, 1987 1988."

NEW SECTION. **Section 2.** 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 3.** Effective date. [This act] is effective July 1, 1989.

-End-

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2 INTRODUCED BY *Copper Van Velleburg*
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INTRODUCED BY CRIPPEN, VAN VALKENBURG

A BILL FOR AN ACT ENTITLED: "AN ACT TO CONTINUE THE AVAILABILITY OF TAX CREDITS FOR QUALIFIED MONTANA CAPITAL COMPANIES ~~UNTIL JUNE 30, 1993~~ THROUGH DECEMBER 31, 1991; TO AUTHORIZE COAL SEVERANCE TAX CREDIT FOR A QUALIFIED CAPITAL COMPANY THROUGH DECEMBER 31, 1991; AMENDING SECTION 90-8-202, MCA; AND PROVIDING AN EFFECTIVE DATE."

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 11 corporate taxpayer who makes a capital investment in a
 12 qualified Montana capital company is entitled to a tax
 13 credit equal to 50% of the investment, up to a maximum
 14 credit of \$150,000 per taxpayer. The credit may be taken
 15 against the tax liability imposed on the investor pursuant
 16 to Title 15, chapter 30, or 31, OR 35. The credit for
 17 investments by a small business corporation electing to be
 18 taxed under 15-31-202 or a partnership may be claimed by the
 19 small business corporation shareholders or the partners.

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 21 be credited against the taxpayer's income tax liability OR
 22 COAL SEVERANCE TAX LIABILITY for the taxable year in which
 23 the investment in a qualified Montana capital company is
 24 made. If the amount of the tax credit exceeds the
 25 taxpayer's tax liability for the taxable year, the amount of

1 the credit which exceeds the tax liability may be carried
 2 back or carried forward in accordance with the provisions of
 3 section 46(b) of the Internal Revenue Code, as amended.

4 (7) The tax credit provided for in this section is
 5 available only to those taxpayers who invest in a qualified
 6 Montana capital company within 4 5 3 1/2 years of July 1,
 7 ~~1987~~ 1988."

8 NEW SECTION. Section 2. Extension of authority. Any
 9 existing authority to make rules on the subject of the
 10 provisions of [this act] is extended to the provisions of
 11 [this act].

12 NEW SECTION. Section 3. Effective date. [This act] is
 13 effective July 1, 1989.

-End-

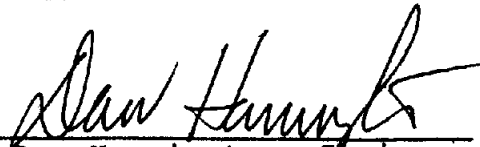
STANDING COMMITTEE REPORT

March 30, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 283 (third reading copy -- blue) be concurred in as amended .

Signed: _____


Dan Harrington, Chairman

[REP. GIACOMETTO WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 6.

Strike: "UNTIL JUNE 30, 1993"

Insert: "THROUGH DECEMBER 31, 1991; TO AUTHORIZE COAL SEVERANCE
TAX CREDIT FOR A QUALIFIED CAPITAL COMPANY THROUGH DECEMBER
31, 1991"

2. Page 2, line 11.

Strike: "June 30"

Insert: "December 31"

Strike: "\$3"

Insert: "\$1.5"

3. Page 2, lines 14 through 18.

Following: "companies." on line 14

Strike: remainder of line 14 through line 18 in their entirety

4. Page 3, line 14.

Strike: "or"

Insert: ", "

Following: "31"

Insert: ", or 35"

5. Page 3, line 19.

Following: "liability"

Insert: "or coal severance tax liability"

6. Page 4, line 4.

Strike: "5"

Insert: "3 1/2"

HOUSE
SB283
711126SC.HRT PT

Free Conference Committee Report
on SB 283
Report No. 1, April 18, 1989
page 1 of 2

FREE CONFERENCE COMMITTEE, SB 283
April 18, 1989
page 2 of 2

Mr President and Mr. Speaker:

We, your Free Conference Committee on SB 283 met and considered:

The House Committee on Taxation amendments to SB 283 (third reading copy -- blue) dated March 30, 1989.

We recommend that SB 283 (reference copy -- salmon) be amended as follows:

1. Title, line 6.
Strike: "DECEMBER 31"
Insert: "JUNE 30"

2. Title, line 8.
Following: ";"
Insert: "TO CLARIFY THE AVAILABILITY OF THE TAX CREDITS;"

3. Title, line 9.
Following: "AN"
Insert: "IMMEDIATE"

4. Page 2, line 13.
Strike: "DECEMBER 31"
Insert: "June 30"

5. Page 2, line 14.
Strike: "\$1.5"
Insert: "\$3"

6. Page 3, line 9.
Following: "of"
Strike: "subsection"
Insert: "subsections"
Following: "(2)"
Insert: "and (8)"

7. Page 4, line 6.
Strike: "3 1/2"
Insert: "4"

8. Page 4, line 7.
Strike: "1988"
Insert: "1987"

9. Page 4, line 8.

Following: line 7

Insert: "(8) An individual, small business corporation, partnership, or corporate taxpayer who obtains the tax credit allowed under subsection (5) may not obtain credits in excess of the \$150,000 limit contained in subsection (5) by making investments as more than one entity. A partner or shareholder in a small business corporation may not obtain more than \$150,000 in credits as an individual and as the partnership or small business corporation. A corporate taxpayer that obtains the maximum \$150,000 credit may not obtain additional credits through investments by wholly owned subsidiaries or affiliates."

10. Page 4, line 13.

Strike: "July 1, 1989"

Insert: "on passage and approval"

And that this Conference Committee Report be adopted.

FOR THE SENATE

Sen. Crippen, Chairman

Sen. Thayer

Sen. Van Valkenburg

FOR THE HOUSE

Rep. Harrington, Chairman

Rep. Driscoll

Rep. Giacometto

ADOPT

REJECT

SENATE BILL NO. 283

INTRODUCED BY CRIPPEN, VAN VALKENBURG

A BILL FOR AN ACT ENTITLED: "AN ACT TO CONTINUE THE AVAILABILITY OF TAX CREDITS FOR QUALIFIED MONTANA CAPITAL COMPANIES ~~UNTIL JUNE 30, 1993 THROUGH DECEMBER 31~~ JUNE 30, 1991; TO AUTHORIZE COAL SEVERANCE TAX CREDIT FOR A QUALIFIED CAPITAL COMPANY THROUGH DECEMBER 31, 1991; TO CLARIFY THE AVAILABILITY OF THE TAX CREDITS; AMENDING SECTION 90-8-202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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(2) (a) The total amount of tax credits authorized for a single qualified company may not exceed \$1,500,000. In the event the capitalization of the company is later increased,

the company may apply for authorization of additional tax credits within the foregoing limitation.

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8 designation of the company as a qualified Montana capital
9 company.

10 (5) Subject to the provisions of subsection
11 SUBSECTIONS (2) AND (8), an individual, small business
12 corporation, partnership, or corporate taxpayer who makes a
13 capital investment in a qualified Montana capital company is
14 entitled to a tax credit equal to 50% of the investment, up
15 to a maximum credit of \$150,000 per taxpayer. The credit may
16 be taken against the tax liability imposed on the investor
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6 available only to those taxpayers who invest in a qualified
7 Montana capital company within 4 5 3-1/2 4 years of July 1,
8 ~~1987~~ ~~1988~~ 1987.

9 (8) AN INDIVIDUAL, SMALL BUSINESS CORPORATION,
10 PARTNERSHIP, OR CORPORATE TAXPAYER WHO OBTAINS THE TAX
11 CREDIT ALLOWED UNDER SUBSECTION (5) MAY NOT OBTAIN CREDITS
12 IN EXCESS OF THE \$150,000 LIMIT CONTAINED IN SUBSECTION (5)
13 BY MAKING INVESTMENTS AS MORE THAN ONE ENTITY. A PARTNER OR
14 SHAREHOLDER IN A SMALL BUSINESS CORPORATION MAY NOT OBTAIN
15 MORE THAN \$150,000 IN CREDITS AS AN INDIVIDUAL AND AS THE
16 PARTNERSHIP OR SMALL BUSINESS CORPORATION. A CORPORATE
17 TAXPAYER THAT OBTAINS THE MAXIMUM \$150,000 CREDIT MAY NOT
18 OBTAIN ADDITIONAL CREDITS THROUGH INVESTMENTS BY WHOLLY
19 OWNED SUBSIDIARIES OR AFFILIATES."

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. Effective date. [This act] is
25 effective ~~July 1, 1989~~ ON PASSAGE AND APPROVAL.

-End-