

SENATE BILL 455

Introduced by Norman

|      |                       |
|------|-----------------------|
| 2/18 | Introduced            |
| 2/18 | Referred to Taxation  |
| 2/20 | Fiscal Note Requested |
| 2/28 | Fiscal Note Received  |
| 3/02 | Fiscal Note Printed   |
| 3/09 | Hearing               |
|      | Died in Committee     |

1 Senate BILL NO. 455  
2 INTRODUCED BY R. Sullivan  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 40 PERCENT  
5 INCOME TAX SURCHARGE; PROVIDING FOR COORDINATION WITH A 3  
6 PERCENT SALES TAX REFERENDUM; AMENDING SECTIONS 15-30-108,  
7 MCA, AND SECTION 12, CHAPTER 666, LAWS OF 1987; AND  
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE  
9 APPLICABILITY DATE, AND A TERMINATION DATE."  
10

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

12 **Section 1.** Section 15-30-108, MCA, is amended to read:

13 "15-30-108. (Temporary) Surtax. After the amount of  
14 tax liability has been computed as required in 15-30-103,  
15 each person filing a Montana individual income tax return  
16 shall add as a surtax ~~±0%~~ 40% of the tax liability, and the  
17 amount so arrived at is the amount due the state."

18 **Section 2.** Section 12, Chapter 666, Laws of 1987, is  
19 amended to read:

20 "Section 12. Termination. Section 6 terminates  
21 ~~December 31, 1989~~ January 1, 1992."

22 **NEW SECTION. Section 3.** Coordination -- voidness. If  
23 Senate Bill No.     [LC 1704] is not passed and approved  
24 containing a referendum on a 3% sales tax, [this act] is  
25 void.

1 **NEW SECTION. Section 4.** Extension of authority. Any  
2 existing authority to make rules on the subject of the  
3 provisions of [this act] is extended to the provisions of  
4 [this act].

5 **NEW SECTION. Section 5.** Effective date -- retroactive  
6 applicability -- termination. (1) [This act] is effective on  
7 passage and approval.

8 (2) [This act] applies retroactively, within the  
9 meaning of 1-2-109, to tax years commencing after December  
10 31, 1988, and also applies to tax liability for tax years  
11 commencing January 1, 1989, January 1, 1990, and January 1,  
12 1991.

13 (3) [This act] terminates January 1, 1992.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB455, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act imposing a 40 percent income tax surcharge; providing for coordination with a 3 percent sales tax referendum; and providing an immediate effective 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 40% surtax applies to liabilities incurred in calendar years 1989, 1990, and 1991.
3. Additional administrative expense to the Department of Revenue to revise and mail withholding tables is \$10,000 in FY90.

FISCAL IMPACT:

|   | Current       | FY90          |               | Current       | FY91          |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Law           | Proposed      |               | Law           | Proposed      |               |
| Revenue Impact:                           |               | Law           | Difference    | Law           | Law           | Difference    |
| Individual Income Tax                     | \$239,124,000 | \$357,437,000 | \$118,313,000 | \$254,428,000 | \$354,253,000 | \$ 99,825,000 |
| <u>Fund Information:</u>                  |               |               |               |               |               |               |
| General Fund                              | \$139,170,168 | \$208,028,000 | \$ 68,857,832 | \$148,077,096 | \$206,175,000 | \$ 58,097,904 |
| Foundation Program                        | 76,041,432    | 113,665,000   | 37,623,568    | 80,908,104    | 112,652,000   | 31,743,896    |
| Sinking Fund                              | 23,912,400    | 35,744,000    | 11,831,600    | 25,442,800    | 35,426,000    | 9,983,200     |
| Total                                     | \$239,124,000 | \$357,437,000 | \$118,313,000 | \$254,428,000 | \$354,253,000 | \$ 99,825,000 |
| <u>Expenditure Impact:</u> (General Fund) |               |               |               |               |               |               |
| Operating Expenses                        | \$ -0-        | \$ 10,000     | \$ 10,000     | \$ -0-        | \$ -0-        | \$ -0-        |

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Based on an OBPP projection of individual income tax collections of \$267,448,000 in FY92, this proposal would increase revenue \$ 77,322,000 in FY92. Collections to the General Fund, to school equalization, and to the Sinking Fund increase \$45,001,000, \$24,589,000, and \$7,732,000, respectively.

*Ray Shackleford*

DATE 2/28/89

RAY SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

*Bill Norman* 3/1/89

DATE  
BILL NORMAN, PRIMARY SPONSORFiscal Note for SB455, as introducedSB 455