

HOUSE BILL 27

Introduced by Cobb

11/29	Fiscal Note Requested
11/30	Introduced
11/30	Referred to Taxation
11/30	First Reading
12/01	Fiscal Note Printed
12/01	Hearing
12/01	Fiscal Note Received
	Died in Committee

1 House BILL NO. 27
2 INTRODUCED BY Woh
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A CREDIT
5 AGAINST MONTANA INDIVIDUAL INCOME TAX LIABILITY FOR CERTAIN
6 LOW-INCOME TAXPAYERS; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND A RETROACTIVE APPLICABILITY DATE."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 NEW SECTION. Section 1. Tax credit for low-income
11 filers. (1) There is a credit against taxes otherwise due
12 under this chapter allowable to a taxpayer whose taxable
13 income does not exceed the amount taxable under
14 15-30-103(1)(a) at the rate of 2%.
15 (2) The amount of the credit is equal to the amount of
16 tax liability.
17 (3) A taxpayer whose taxable income exceeds the amount
18 taxable under 15-30-103(1)(a) at the rate of 2% is not
19 entitled to the credit allowed under subsections (1) and
20 (2).
21 NEW SECTION. Section 2. Effective date. [This act] is
22 effective on passage and approval.
23 NEW SECTION. Section 3. Retroactive applicability.
24 [This act] applies retroactively, within the meaning of
25 1-2-109, to tax years beginning after December 31, 1992.

1 NEW SECTION. Section 4. Codification instruction.
2 [Section 1] is intended to be codified as an integral part
3 of Title 15, chapter 30, part 1, and the provisions of Title
4 15, chapter 30, part 1, apply to [section 1].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0027, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for a credit against Montana individual income tax liability for certain low-income taxpayers; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax revenues are \$328,368,000 in FY94, and \$344,821,000 in FY95 (ROC).
2. The credit provisions of the bill apply to tax years beginning after December 31, 1992. This reduces income tax liability for tax years 1993 and beyond. Because of the credit nature of relief, the entire tax year 1993 impact occurs in fiscal 1994, and the entire tax year 1994 impact occurs in fiscal year 1995.
3. For tax year 1993, the credit applies to the 4.7 percent surtax in effect for that year, as well as to the regular liability calculated on taxable incomes below the 2% marginal rate bracket boundary.
4. Total tax collections are reduced \$949,000 in fiscal year 1994 (\$907,000 in regular tax plus \$42,000 in surtax); and \$961,000 in fiscal year 1995.
5. Approximately 45,000 taxpayers are affected by the credit provided for in the proposal.

FISCAL IMPACT:Revenues:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	328,368,000	327,419,000	(949,000)	344,821,000	343,860,000	(961,000)

Fund Information:

General Fund	195,895,335	195,330,680	(564,655)	315,080,224	314,202,831	(877,393)
School Equalization	104,015,574	103,713,792	(301,782)	0	0	0
LRB - Debt Service	<u>28,457,091</u>	<u>28,374,528</u>	<u>(82,563)</u>	<u>29,740,776</u>	<u>29,657,169</u>	<u>(83,607)</u>
Total	328,368,000	327,419,000	(949,000)	344,821,000	343,860,000	(961,000)

TECHNICAL NOTE:

The bill does not make it clear if the credit in tax year 1993 is to include the surtax in effect for that year. Because the Department has already printed and will soon distribute tax forms for tax year 1993, it is unclear how the credit will be administered. Options to either issue addendums to this year's form, or recalculate taxes after returns are filed could involve significant administrative expense.

Dave Lewis 12-1
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

12-1-93
JOHN COBB, PRIMARY SPONSOR DATE
Fiscal Note for HB0027, as introduced

HB 27