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INTRODUCED BY \_\_\_\_\_

House BILL NO. 199  


A BILL FOR AN ACT ENTITLED: "AN ACT MAKING PERMANENT THE TAX CREDIT FOR CONTRIBUTIONS MADE TO THE GENERAL ENDOWMENT FUNDS OF THE MONTANA UNIVERSITY SYSTEM FOUNDATIONS AND MONTANA PRIVATE COLLEGE FOUNDATIONS; AMENDING SECTION 15-30-163, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 15-30-163, MCA, is amended to read:

**"15-30-163. Credit for contributions to university system or private college foundations.** (1) ~~For taxable years beginning after December 31, 1990, and before January 1, 1996, an~~ An individual, corporation, partnership, or small business corporation, as defined in 15-31-201, is allowed a tax credit against taxes imposed by 15-30-103 or 15-31-101 in an amount equal to 10% of the aggregate amount of charitable contributions made by the taxpayer during the year to any of the general endowment funds of the Montana university system foundations or a general endowment fund of a Montana private college or its foundation. The maximum credit that a taxpayer may claim in a year under this section is \$500. The credit allowed under this section may not exceed the taxpayer's income tax liability.

(2) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the donation is made, as determined by the taxpayer's accounting method.

(3) (a) For the purposes of this section, "foundation" means a nonprofit organization that is created exclusively for the benefit of any unit of the Montana university system or a Montana private college and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

(b) For the purposes of this section, "Montana private college" means a nonprofit private educational institution:

(i) whose main campus and primary operations are within the state; and

(ii) that offers baccalaureate degree level education and is accredited for that purpose by a national or regional accrediting agency recognized by the board of regents of higher education."



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0199, third reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act making permanent the tax credit for contributions made to the general endowment funds of the Montana University System foundations and Montana private college foundations, and providing an immediate effective date.


ASSUMPTIONS:

1. The current law relating to college/university foundation contributions credits is scheduled to expire on December 31, 1995; this proposal makes the credit permanent.
2. The amount of college/university foundation tax credits taken by individuals in tax year 1992 (FY93) was \$74,110 and was \$86,589 for tax year 1993 (FY94); the amount of the credit taken by corporations was \$3,860 in FY93 and \$4,706 in FY 94 (MDOR).
3. Under current law, the projected negative revenue impact of these credits for individuals is \$100,000 for FY96 (Montana Dept. of Revenue, Tax Expenditure Report, FY 96-97).
4. Under current law, the projected negative revenue impact of these credits for individuals is zero for FY97 (MDOR).
5. For the proposed law, the negative revenue impact for the individual income tax would be approximately \$105,000 for FY97 (MDOR).
6. Under current law, the projected negative revenue impact of these credits for corporations is about \$7,000 for FY96 (MDOR).
7. Under current law, corporation license tax returns filed in May and June 1997 (part of FY97), will not be eligible for the college/university foundation tax credit; these returns are calendar 1996 returns (due May 15, 1997) and tax year February 1, 1996--January 31, 1997 returns (due June 15, 1997).
8. Thirty percent of corporation license tax collections are related to returns filed in May and June of a specific fiscal year; it is assumed that the college/university foundation contributions tax credit follows the same pattern (MDOR).
9. Under current law, the projected negative revenue impact of these credits for corporations is \$4,900 for FY97, i.e. 70% of \$7,000; the proposed law FY97 negative impact is the full \$7,000 (MDOR).

FISCAL IMPACT:

Revenues: (Decrease in Revenue)

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Individual Income Tax	0	(\$105,000)
Corporation License Tax	<u>0</u>	<u>(2,100)</u>
Total	0	(\$107,100)

  
 DAVE LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

  
 JIM ELLIOTT, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0199, third reading

*HB 199*

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House BILL NO. 199  
*[Handwritten signatures]*

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## 1 HOUSE BILL NO. 199

2 INTRODUCED BY ELLIOTT, L. NELSON, FOSTER

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