

SENATE BILL NO. 162

INTRODUCED BY Doherty Hestel Jewellson  
BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE TERMINATION DATE FOR TAX CREDITS FOR INVESTMENTS IN DEPRECIABLE PROPERTY TO COLLECT OR PROCESS RECLAIMED MATERIAL OR TO MANUFACTURE A PRODUCT FROM RECLAIMED MATERIAL AND FOR TAX DEDUCTIONS FOR THE USE OF RECYCLED MATERIALS; AND AMENDING SECTION 9, CHAPTER 712, LAWS OF 1991."

STATEMENT OF INTENT

This bill extends by 2 years the termination date for the recycling tax credit provided for in 15-32-602 and the recycling tax deduction provided for in 15-32-610. In order to implement the tax credit for capital investments in property purchased to collect or process reclaimed material provided for under 15-32-602, the department of revenue shall make a determination about the equipment and processes that qualify. It is the intent of the legislature that the department of health and environmental sciences, upon request, assist the department of revenue in making that determination.

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

**Section 1.** Section 9, Chapter 712, Laws of 1991, is amended to read:

**"Section 9. Termination.** [This act] terminates December 31, ~~1995~~ 1997."

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0162, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act extending the termination date for tax credits for investments in depreciable property to collect or process reclaimed material or to manufacture a product from reclaimed material and for tax deductions for the use of recycled materials

ASSUMPTIONS:

1. The current law relating to recycling deductions and credits is scheduled to expire on December 31, 1995.
2. This proposal extends the recycling legislation to tax years beginning after December 31, 1995 and ending December 31, 1997.
3. No information is available on the amount of tax deductions taken in the first two years of the current recycling legislation, since this deduction is not a separate line on either the individual income tax form or the corporate license tax form; the amount of these deductions is judged and assumed to be small (MDOR).
4. The amount of tax credits, in contrast to tax deductions, taken by individuals in tax year 1992 (FY93) was \$245,403 and was \$200,396 for tax year 1993 (FY94); the amount of the credit taken by corporations was \$23,207 in FY93 and \$180,586 in FY94 (MDOR).
5. Under current law, the projected negative revenue impacts of these credits are assumed to be roughly the same as FY94 levels, with the individual income tax credit projected at \$200,000 for FY96, and the corporate license tax credit projected as \$180,000 for FY96 and \$200,000 for FY97 (Montana Dept. of Revenue, Tax Expenditure Report, FY 96-97).
6. Under current law, the projected level of individual income tax recycling credits for FY97 (tax year 1996) is zero; for the proposed law, this would increase to \$200,000 (MDOR).

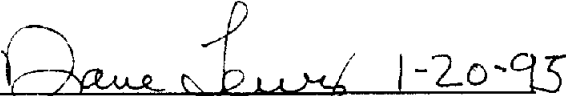
FISCAL IMPACT:

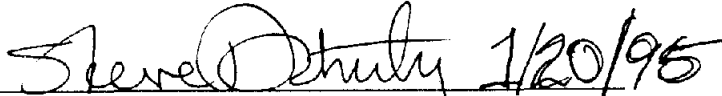
Revenues:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Individual Income Tax	0	(\$200,000)
Corporation License Tax	0	0
Total	0	(\$200,000)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

In FY98 the revenue decrease would be \$200,000 for individual income tax and \$200,000 for corporation license tax. In FY99 the revenue decrease would be \$200,000 for corporation license tax.

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

  
STEVE DOHERTY, PRIMARY SPONSOR DATE  
Fiscal Note for SB0162, as introduced

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