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INTRODUCED BY SENATE BILL NO. 184 *Van Valkenburg* *Sen* *Allett*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A REFUNDABLE INCOME TAX CREDIT AGAINST TAXES OWED FOR TAX YEAR 1995 TO TAXPAYERS WHO OWNED AND OCCUPIED DWELLINGS IN MONTANA FOR AT LEAST 7 MONTHS DURING CALENDAR YEAR 1994."

WHEREAS, the state treasury has a surplus of money generated by income taxes; and  
 WHEREAS, in some measure, the surplus resulted from a shifting of the funding of schools from state income taxes to local property taxes; and  
 WHEREAS, there are approximately 205,000 owner-occupied dwellings in the State of Montana; and  
 WHEREAS, \$11 million of the state's general fund surplus should be reimbursed through a refundable income tax credit to individuals who reside in dwellings that they own and pay property taxes on.

#### STATEMENT OF INTENT

A statement of intent is required for this bill because the bill gives the department of revenue authority to adopt administrative rules. It is intended that rules adopted by the department address administration of the residential property tax credit addressed by this bill, particularly in the area of joint ownership of property.

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

**NEW SECTION. Section 1. Income tax credit -- owner-occupied dwellings.** (1) For tax year 1995, the resident owner of each dwelling in the state is entitled to property tax relief in the form of a refundable credit against taxes imposed by 15-30-103, in the amount of \$54.

(2) To qualify for the credit provided in this section, the claimant must be an individual with one or more dwellings in Montana that the individual owned and occupied for at least 7 months during calendar year 1994. If more than one individual owned a dwelling, only one may claim the credit.

1           (3) The tax credit authorized by this section is to be deducted from the taxpayer's income tax  
2 liability for tax year 1995. If the amount of credit exceeds the claimant's liability under this chapter, the  
3 amount of the excess must be refunded to the claimant. The credit may be claimed and a refund issued  
4 to a claimant even though the claimant has no income taxable under Title 15, chapter 30.

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6           NEW SECTION. **Section 2. Rulemaking authority.** The department of revenue may adopt rules to  
7 implement [section 1].

8

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0184, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing a refundable income tax credit against taxes owed for tax year 1995 to taxpayers who owned and occupied dwellings in Montana for at least 7 months during calendar year 1994.

ASSUMPTIONS:

1. The bill indicates that there are 205,000 owner-occupied dwellings in Montana. This is based on the U.S. Census Bureau estimate for 1990. Recent census data suggests that the count of owner-occupied dwellings in Montana in 1994 is 220,600.
2. The bill also provides that refunds for property taxes should total \$11,000,000; and that the average refund should be \$54. Based on the more recent census data on the number of owner-occupied dwellings in Montana for 1994, the average refund should be closer to \$50.
3. The credit provided in this bill is a one-time credit; the entire impact will occur in FY96.
4. The proposal will require the addition of a grade 10 FTE, and additional operating expenses totaling \$37,096 in FY96 and \$29,641 in FY97.

FISCAL IMPACT:

Expenditures: (Department of Revenue)

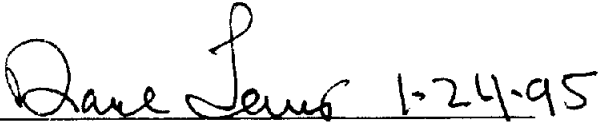
	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Personal Services/Oper. Exp.	\$37,096	\$29,641


Revenues:

The bill reduces individual income tax revenue by \$11,000,000 in fiscal year 1996.

Net Impact: (General Fund)

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
	\$(11,037,096)	\$(29,641)

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

  
FRED VAN VALKENBERG, PRIMARY SPONSOR      DATE  
Fiscal Note for SB0184, as introduced

**SB 184**