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SENATE BILL NO. 325

INTRODUCED BY



A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE STATUS OF CERTAIN INVESTMENTS UNDER THE MONTANA CAPITAL COMPANY ACT; AMENDING SECTION 90-8-312, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 90-8-312, MCA, is amended to read:

"90-8-312. Investment reporting and recordkeeping. (1) Each qualified Montana capital company and each qualified Montana small business investment capital company shall report to the department on a quarterly basis:

- (a) the name of each investor in the qualified Montana capital company or in the qualified Montana small business investment capital company who has applied for a tax credit;
- (b) the amount of each investor's investment;
- (c) the amount of the tax credit allowed to the investor and the date on which the investment was made; and
- (d) any other information determined by the department.

(2) The department shall provide the information contained in subsection (1) to the department of revenue on a quarterly basis.

(3) The department shall provide each investor in a qualified Montana capital company and each investor in the qualified Montana small business investment capital company with a certificate authorizing the tax credit, and the certificate must be submitted with each tax return requesting a credit under 90-8-202.

(4) Each qualified Montana capital company and the qualified Montana small business investment capital company shall report to the department on a quarterly basis all qualified investments that the company has made. The department shall share the information with the department of revenue, in order that the provisions of 90-8-301 may be complied with.

(5) Each qualified Montana capital company shall report to the department all proposed investments

1 to be made from its capital base. The capital company may not make the proposed investment unless the
2 department determines, within 10 days of submission of a report satisfactory to the department, that the
3 proposed investment is qualified under this chapter.

4 (6) (a) All investments in a qualified Montana capital company on or before April 23, 1991, as
5 reported to the department pursuant to subsection (1) are considered to be investments in compliance with
6 this chapter. Each investor is entitled to the amount of tax credit reported pursuant to subsection (1)(c).

7 (b) All investments by a qualified Montana capital company on or before April 23, 1991, reported
8 as qualifying investments to the department pursuant to subsection (4) are considered to be qualifying
9 investments in compliance with this chapter."

10
11 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

12 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0325, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

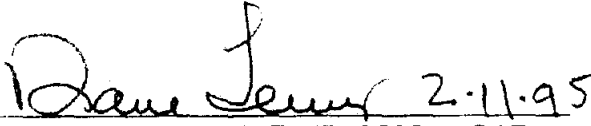
An act clarifying the status of certain investments under the Montana Capital Company Act; and providing an immediate effective date.

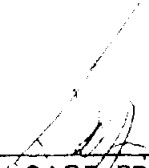
ASSUMPTIONS:

1. The department currently has assessments totalling \$650,000 plus interest against the tax liabilities of capital company investors for non-qualifying investments in a single capital company for which credits were claimed (MDOR).
2. The proposed legislation would exempt capital company investments prior to April 23, 1991 from any qualifications of the Montana Capital Company Act (MDOR).

FISCAL IMPACT:

The proposed legislation would reduce Individual Income Tax revenues by \$650,000 plus a currently undetermined amount of interest. Furthermore, other capital company investors may have claimed credits for unqualified investments prior to April 23, 1991; therefore, the proposed legislation may further decrease future tax assessments. Because, the Capital Company Credit is taken over several years, the fiscal years in which the impact would occur are unknown at this time.


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

 2-11-95
DELWYN GAGE, PRIMARY SPONSOR DATE
Fiscal note for SB0325, as introduced

SB 325