

House BILL NO. 601

INTRODUCED BY

Harrington Hoyer Carlovich Merdian
in Old Subject Section 401 Lynch

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INCOME TAX CREDIT OR CORPORATE LICENSE TAX CREDIT FOR THE PRESERVATION OF HISTORIC BUILDINGS; PROVIDING THAT THE AMOUNT OF THE CREDIT IS 25 PERCENT OF THE CREDIT ALLOWED UNDER FEDERAL INCOME TAX LAWS; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Credit for preservation of historic buildings.

(1) (a) There is allowed as a credit against the taxes imposed by 15-31-101, 15-31-121, and 15-31-122 a percentage of the credit allowed for qualified rehabilitation expenditures, with respect to any certified historic building located in Montana, as provided in 26 U.S.C. 47 or as that section may be renumbered or amended.

(b) The amount of the credit allowed for a tax year is 25% of the amount of the credit determined under 26 U.S.C. 47(a)(2) or as that section may be renumbered or amended.

(2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed by this section for the tax year exceeds the taxpayer's tax liability for the current tax year, the excess attributable to the current tax year's credit is a credit carryover to the 7 succeeding tax years. The entire amount of unused credit must be carried forward to the earliest of the succeeding years, and the oldest available unused credit must be used first.

(3) If the credit under this section is claimed by a small business corporation, as defined in 15-31-201, or a partnership, the credit must be attributed to shareholders or partners, using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 2. Credit for preservation of historic buildings.

(1) There is allowed as a credit against the taxes imposed by 15-30-103 a percentage of the credit allowed for qualified rehabilitation expenditures with respect to any certified historic building located in Montana as provided in

1 [section 1].

2 (2) The credit may not be allocated between spouses unless the property is used by a small
3 business corporation or a partnership in which they are shareholders or partners.

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5 NEW SECTION. **Section 3. Codification instruction.** (1) [Section 1] is intended to be codified as
6 an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [section 1].

7 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 30, and the
8 provisions of Title 15, chapter 30, apply to [section 2].

9

10 NEW SECTION. **Section 4. Applicability.** [Sections 1 and 2] apply to tax years beginning after
11 December 31, 1997.

12

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0601, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act allowing an income tax credit or corporate license tax credit for the preservation of historic buildings; providing that the amount of the credit is 25 percent of the credit allowed under federal income tax laws; and providing an applicability date.

ASSUMPTIONS:

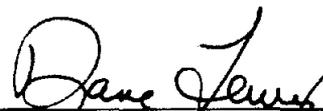
1. Certified historic rehabilitation expenditures in Montana annually averaged \$3,420,000 for federal fiscal years 1991-97 (Montana Historical Society).
2. Certified historic rehabilitation expenditures in Montana will annually average \$3,420,000 in calendar year 1998 and future years (MDOR).
3. The proposed legislation is applicable to tax years beginning after December 31, 1997 (MDOR).
4. The amount of the proposed tax credit would be claimed 80% by corporations and 20% by individuals (MDOR).
5. During FY99, 16.32% of the total value of credit claimed by corporations will be by financial institutions (HJR2/MDOR).
6. Corporation license tax receipts from financial institutions are allocated 80% to the local government, 17.9% to the General Fund, and 2.1% to the Long-Range Building Program (MDOR).
7. The proposed legislation would result in increased administrative expenditures by the Department. Programming and computer development costs would be \$16,018 in FY99 to modify the individual income tax and corporation license tax computer systems. On-going annual costs of \$654 would be needed for printing of forms and data storage.

FISCAL IMPACT:

	<u>FY98</u> <u>Difference</u>	<u>FY99</u> <u>Difference</u>
<u>Expenditures:</u>		
DOR Operating	0	\$16,672
<u>Funding:</u>		
General Fund	0	16,672
<u>Revenues:</u>		
Individual Income Tax	\$0	(\$34,200)
<u>Corporation License Tax</u>	<u>\$0</u>	<u>(\$136,800)</u>
Total	\$0	(\$171,000)
<u>Fund Allocation:</u>		
General Fund	\$0	(\$153,140)
<u>Local Governments</u>	<u>\$0</u>	<u>(\$17,860)</u>
Total	\$0	(\$171,000)
<u>Net Impact: (Revenues - Expenditures)</u>		
General Fund	0	(169,812)
Local Governments	\$0	(\$17,860)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposed legislation would reduce Corporation License Tax revenues received from financial institutions which are allocated to local governments based upon the location of individual financial institutions.

 3-14-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 DAN HARRINGTON, PRIMARY SPONSOR DATE
 Fiscal Note for HB0601, as introduced

HB 601

House BILL NO. 601

INTRODUCED BY

Harrington *Hayes* *Carlwin* *Mendenhall*
in Old Subject *Sequences* *Called* *Legislature*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INCOME TAX CREDIT OR CORPORATE LICENSE TAX CREDIT FOR THE PRESERVATION OF HISTORIC BUILDINGS; PROVIDING THAT THE AMOUNT OF THE CREDIT IS 25 PERCENT OF THE CREDIT ALLOWED UNDER FEDERAL INCOME TAX LAWS; AND PROVIDING AN APPLICABILITY DATE."

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(b) The amount of the credit allowed for a tax year is 25% of the amount of the credit determined under 26 U.S.C. 47(a)(2) or as that section may be renumbered or amended.

(2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed by this section for the tax year exceeds the taxpayer's tax liability for the current tax year, the excess attributable to the current tax year's credit is a credit carryover to the 7 succeeding tax years. The entire amount of unused credit must be carried forward to the earliest of the succeeding years, and the oldest available unused credit must be used first.

(3) If the credit under this section is claimed by a small business corporation, as defined in 15-31-201, or a partnership, the credit must be attributed to shareholders or partners, using the same proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes.

NEW SECTION. Section 2. Credit for preservation of historic buildings.

(1) There is allowed as a credit against the taxes imposed by 15-30-103 a percentage of the credit allowed for qualified rehabilitation expenditures with respect to any certified historic building located in Montana as provided in

1 [section 1].

2 (2) The credit may not be allocated between spouses unless the property is used by a small
3 business corporation or a partnership in which they are shareholders or partners.

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5 **NEW SECTION. Section 3. Codification instruction.** (1) [Section 1] is intended to be codified as
6 an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [section 1].

7 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 30, and the
8 provisions of Title 15, chapter 30, apply to [section 2].

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10 **NEW SECTION. Section 4. Applicability.** [Sections 1 and 2] apply to tax years beginning after
11 December 31, 1997.

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INTRODUCED BY

Harrington - Taylor Carlwin Mendez
on behalf of the Business and Labor

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House BILL NO. 601

INTRODUCED BY

Harmon *Levin* *Carlson* *Mendoza*
in *the* *presence* *of* *the* *Speaker* *and* *the* *Deputy* *Speaker*

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1 HOUSE BILL NO. 601

2 INTRODUCED BY HARRINGTON, HARPER, PAVLOVICH, MENAHAN, SHEA, OHS, QUILICI, SQUIRES,
3 KOTTEL, LYNCH
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN INCOME TAX CREDIT OR CORPORATE LICENSE
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