



**Fiscal Note Request SB0521, As Introduced**

(continued)

10-K reports could not be found for 7 of the companies, reducing the sample to 27. Information from the 10-K reports was examined and compared to information in the corporation tax database to ensure that the business units being analyzed were the same in each case. It was determined that for 4 of the sample, the business units were not comparable, leaving a sample of 23 corporations. The 10-K data was then used to calculate the new alternative minimum tax (AMT) for each of the 23 corporations. The AMT for each corporation was compared to the actual Montana tax liability (current law tax) in the database. For 9 of the 23 corporations, the AMT was higher than the current law tax. Under the proposed law, the actual tax for each corporation would be the greater of the tax as calculated under current law and the AMT, with a minimum of \$50. The estimated total increase in tax for the 23 companies in the sample was \$4.5 million per year. Extrapolating this result to the 13,300 companies results in an estimated increase in total annual corporate license tax collections of \$10.3 million.

6. The first revenue from this bill would be received with returns filed for tax year 2006. On average, 14.5% of revenue associated with returns from a tax year is collected within six months of the end of the year. Thus, collections in FY 2006 would be \$1.494 million (14.5% of \$10.3 million)
7. This bill would have no administrative impact on the Department of Revenue.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$0	\$1,494,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	\$1,494,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

NA

LONG-RANGE IMPACTS:

This bill would increase state general fund revenues by about \$10.3 million annually for the foreseeable future.