

SENATE BILL NO. 348

INTRODUCED BY K. TOOLE

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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE VIDEO GAMBLING MACHINE LICENSE TAX FOR VIDEO GAMBLING MACHINES LOCATED ON A PREMISES THAT HAS MORE THAN FIVE VIDEO GAMBLING MACHINES; PROVIDING A PER-RESIDENCE INDIVIDUAL INCOME TAX CREDIT FUNDED BY THE INCREASE IN THE VIDEO GAMBLING MACHINE LICENSE TAX; AMENDING SECTION 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Tax credit for residential property tax relief.** (1) (a) Qualifying residential homeowners or renters are entitled to a credit for the taxes payable under this chapter in an amount determined under subsection (3).

(b) Individuals who are owner-occupiers of a single-family residential dwelling or a unit of a multiple-unit dwelling and individuals who rent and occupy a single-family dwelling or a unit of a multiple-unit dwelling in Montana for at least 180 days a year qualify for the credit allowed by this section.

(2) (a) Only one claimant per residential dwelling may claim a tax credit each tax year.

(b) A return filed using the filing status married filing jointly is considered to have been filed by one taxpayer.

(c) A fiduciary or a beneficiary of an estate or trust who was required to file an income tax return pursuant to 15-30-135 is not considered to be a taxpayer unless a return was filed on behalf of the decedent in the previous year.

(3) (a) At the end of each fiscal year, the department shall divide the ending fund balance of the property tax relief account established in 23-5-610, less the estimated transfer under subsection (3)(b), by the number of single-family residential dwellings and units of multiple-unit dwellings that are owned or rented by income taxpayers who filed income tax returns the previous year. The result is the amount of the property tax relief income tax credit.

(b) Within 30 days after the end of each fiscal quarter, the department shall transfer from the property tax relief account to the state general fund an amount equal to the amount of credits claimed under subsection

1 (1) in the prior fiscal quarter.

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3 **Section 2.** Section 23-5-610, MCA, is amended to read:

4 **"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records --**  
5 **distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department  
6 a video gambling machine tax ~~of 15% based upon a percentage~~ of the gross income from each video gambling  
7 machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts  
8 equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order,  
9 if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and  
10 physical removal of the money from the machines or of machine tampering and the amounts stolen are  
11 documented. The tax imposed by this subsection is:

12 (a) 15% of the gross income from each machine for an establishment that has five or fewer machines  
13 on the premises; and

14 (b) 30% of the gross income from each machine for an establishment that has more than five machines  
15 on the premises.

16 (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which  
17 a permit has been issued under this part if:

18 (i) the permit was active for the video gambling machine prior to the available connection date;

19 (ii) the department determines that the video gambling machine is incapable, in the form in which it was  
20 approved by the department, of communicating with the automated accounting and reporting system authorized  
21 by 23-5-637; and

22 (iii) the licensed machine owner participates in the automated accounting and reporting system and  
23 incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine  
24 to make it compatible with the automated system.

25 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling  
26 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to  
27 the automated accounting and reporting system, whichever is less.

28 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the  
29 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected  
30 to the automated accounting and reporting system authorized by 23-5-637.

1 (4) A licensed machine owner shall keep a record of the gross income from each video gambling  
2 machine issued a permit under this part in the form the department requires. The records must at all times during  
3 the business hours of the licensee be subject to inspection by the department.

4 (5) (a) For each video gambling machine issued a permit under this part but not connected to the  
5 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after  
6 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department  
7 a statement showing the total gross income, together with the total amount due the state as video gambling  
8 machine gross income tax for the preceding quarter. The statement must contain other relevant information that  
9 the department requires.

10 (b) For each video gambling machine issued a permit under this part that is connected to the  
11 department's automated accounting and reporting system, the department shall, within 5 working days after the  
12 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed  
13 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement  
14 showing the total gross income from the video gambling machine, together with the total amount due the state  
15 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit  
16 the total amount due the state under this subsection within 25 days after the end of each quarter.

17 (6) Except as provided in subsection (7), the department shall, in accordance with the provisions of  
18 15-1-501, forward one-half of the tax imposed by subsection (1)(b) and collected under subsection (5) to a  
19 property tax relief account in the special revenue fund and the balance of the tax collected under subsection (5)  
20 to the general fund.

21 (7) Receipts from the taxes collected under this section are pledged and dedicated to guarantee  
22 repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation  
23 for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar  
24 amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term  
25 investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this  
26 section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available  
27 means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L.  
28 1999.)

29 **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit --**  
30 **records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the

1 department a video gambling machine tax ~~of 15%~~ based upon a percentage of the gross income from each  
2 video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross  
3 income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or  
4 under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either  
5 unauthorized entry and physical removal of the money from the machines or of machine tampering and the  
6 amounts stolen are documented. The tax imposed by this subsection is:

7 (a) 15% of the gross income from each machine for an establishment that has five or fewer machines  
8 on the premises; and

9 (b) 30% of the gross income from each machine for an establishment that has more than five machines  
10 on the premises.

11 (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which  
12 a permit has been issued under this part if:

13 (i) the permit was active for the video gambling machine prior to the available connection date;

14 (ii) the department determines that the video gambling machine is incapable, in the form in which it was  
15 approved by the department, of communicating with the automated accounting and reporting system authorized  
16 by 23-5-637; and

17 (iii) the licensed machine owner participates in the automated accounting and reporting system and  
18 incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine  
19 to make it compatible with the automated system.

20 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling  
21 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to  
22 the automated accounting and reporting system, whichever is less.

23 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the  
24 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected  
25 to the automated accounting and reporting system authorized by 23-5-637.

26 (4) A licensed machine owner shall keep a record of the gross income from each video gambling  
27 machine issued a permit under this part in the form the department requires. The records must at all times during  
28 the business hours of the licensee be subject to inspection by the department.

29 (5) (a) For each video gambling machine issued a permit under this part but not connected to the  
30 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after

1 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department  
2 a statement showing the total gross income, together with the total amount due the state as video gambling  
3 machine gross income tax for the preceding quarter. The statement must contain other relevant information that  
4 the department requires.

5 (b) For each video gambling machine issued a permit under this part that is connected to the  
6 department's automated accounting and reporting system, the department shall, within 5 working days after the  
7 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed  
8 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement  
9 showing the total gross income from the video gambling machine, together with the total amount due the state  
10 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit  
11 the total amount due the state under this subsection within 25 days after the end of each quarter.

12 (6) The department shall, in accordance with the provisions of 15-1-501, forward one-half of the tax  
13 imposed by subsection (1)(b) and collected under subsection (5) to a property tax relief account in the special  
14 revenue fund and the balance of the tax collected under subsection (5) to the general fund."

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16 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an  
17 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

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19 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2005.

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