EXHIBIT 5
DATE 1.25.07
HB 315

SUMMARY -- HB 315

A permanent Formula for Handling Excess Tax Collections

(1) In any year when the budget surplus exceeds $50 million, the excess of this amount will be returned to the taxpayer in the form of a direct reduction in state property tax mills. The bill establishes how this will be calculated (Section 1.)

(2) If there remains an additional surplus in excess of $10 million, this amount will be returned in the form a refund of personal income taxes, on a pro rata basis. Section 1 establishes how this will be calculated. Delinquent tax filers are not eligible for a refund.

(3) The bill allows taxpayers the option of having the state retain the income tax refund they would have otherwise received. Those who elect to do this may express their preference for how they would like their contribution to be used (advisory only.) A committee of three Senators and three Representatives will meet annually to establish spending priorities.

COMMENTS: This legislation is predicated on the belief that budget surpluses are, in fact, excess tax collections. Therefore, they are the property of the taxpayer, not the state. The bill sets forth a simple, predictable and equitable formula for automatically returning these monies to those who earned it – first through state property tax reductions, and then through personal income tax relief. The state retains the first $50 million in the general fund for emergency use. Since there are those who believe the state should not return tax over-payments, the bill also provides an option for assigning one's refund back to the state, along with the opportunity to register your opinion as to how you might like to see it spent. Once in place, this program would end the perpetual bickering over "what to do" with budget surpluses, would greatly significantly the economy, and would "keep the faith" with the people of Montana who we were all elected to serve.