



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0170
---------------	--------

Title:	Redefine joint income tax filing status and terminology
---------------	---

Primary Sponsor:	Barrett, Dick
-------------------------	---------------

Status:	As Introduced
----------------	---------------

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 170 changes the requirements for filing a joint individual income tax return. Under the proposed law, two Montana taxpayers would be allowed to file a joint state tax return, or a combined filing separately return, if they filed a joint federal income tax return. Due to a federal court ruling in CY 2014, everyone who is capable of filing a joint federal return is already capable of filing a state joint return. As a result, SB 170 has no fiscal impact.

FISCAL ANALYSIS

Assumptions:

- Under current law, a pair of individuals can file a joint individual income tax return if they were married by the end of the tax year, or had a spouse that had died at some point during that tax year. In addition, current law explicitly states that two people are required to be married in order to file a joint income tax return. Taxpayers are not required to file a joint Montana tax return if they filed a joint federal income tax return with their spouse under current law. If they do not file jointly, married individuals are required to file married filing separately on the same income tax form, or file two separate income tax forms indicating their marital status.

2. SB 170 changes the requirements for people to file a joint income tax return when filing their Montana individual income taxes. Under SB 170, any pair of individuals who file a joint federal income tax return would be allowed to file their Montana income taxes jointly or as combined filing separately.
3. As of TY 2013, the IRS had a general rule of recognizing the marriage of same-sex spouses that entered into a valid marriage of two individuals, even if the couple resides in a domestic jurisdiction that does not recognize the validity of same-sex marriages.
4. In November, 2014, a federal judge ruled that the definition in Montana’s Constitution of marriage as being between a man and a woman was unconstitutional. As a result of the federal ruling, same-sex couples are currently allowed to file a joint income tax return on their Montana income taxes.
5. As married same-sex couples are already allowed to file their Montana individual income tax jointly, SB 170 will have no revenue or expenditure impacts to the State of Montana.
6. The Department of Revenue does not expect to incur any additional costs as a result of this bill, as the department already makes annual changes to the individual income tax program.

Technical Notes:

1. On November 19, 2014 a federal judge ruled that the definition in Montana’s Constitution was unconstitutional. The federal ruling is still preliminary and should the ruling be reversed, SB 170 would result in a revenue impact to the State of Montana.

Sponsor’s Initials

Date

Budget Director’s Initials

Date