

SENATE BILL NO. 426

INTRODUCED BY J. BALYEAT

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TAXPAYERS A REFUND OF SURPLUS STATE
5 GOVERNMENT REVENUE THROUGH AN INCOME TAX CREDIT; AND PROVIDING THAT THE TAX CREDIT
6 IS BASED UPON THE RELATIVE AMOUNTS OF PROPERTY TAXES PAID ON A CLAIMANT'S PRINCIPAL
7 RESIDENCE AND UPON THE AMOUNT OF INDIVIDUAL INCOME TAXES THAT HAD BEEN PAID BY THE
8 CLAIMANT; PROVIDING THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF
9 MONTANA; AND PROVIDING AN EFFECTIVE DATE."

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

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13 **NEW SECTION. Section 1. Tax credits based on surplus state revenue -- property tax -- income**
14 **tax.** (1) (a) The department of administration shall certify to the budget director, by August 1 of each year, the
15 amount of unaudited general fund revenue received in the prior fiscal year as recorded when the prior fiscal year
16 statewide accounting, budgeting, and human resource system records are closed in July. General fund revenue
17 is as recorded in the statewide accounting, budgeting, and human resource system using generally accepted
18 accounting principles in accordance with 17-1-102(2). Tax credits are allowed under this section if the unaudited
19 general fund revenue received in the fiscal year exceeds 106% of the budgeted general fund for that fiscal year,
20 including the specified general fund ending fund balance and supplemental appropriations less anticipated
21 general fund reversions [and if the tax rate specified in 15-6-138(3)(a)(ii) has been in effect for at least 1 tax year].
22 One-half of the amount in excess of 106% must be distributed in the form of individual income tax credits related
23 to the property taxes paid on the taxpayer's principal residence and related to the taxpayer's individual income
24 tax paid.

25 (b) There is a credit against taxes imposed by this chapter equal to the amount determined under
26 subsection (2).

27 (2) (a) If a tax credit is allowed under subsection (1)(a), the department shall divide the amount of the
28 excess revenue by the amounts of the total collections that are attributable to statewide property tax collections
29 and individual income tax collections.

30 (b) The property tax share of the excess revenue must be reimbursed to property taxpayers based upon

1 an amount that is a percentage of each taxpayer's property taxes on the taxpayer's principal residence for the
2 property tax year beginning in the taxpayer's income tax year. To determine the percentage, the department shall
3 divide the property tax share of available excess revenue by total property tax collections actually received and
4 attributable to principal residences for the property tax year that ended on December 31 of the year before the
5 previous calendar year.

6 (c) The income tax share of the excess revenue must be distributed to taxpayers as a credit under this
7 chapter based upon an amount that is a percentage of the amount the taxpayer paid pursuant to 15-30-2103 in
8 the immediately preceding tax year on Montana source income. To determine the percentage, the department
9 shall divide the income tax share of available excess revenue by total income tax collections actually received
10 and attributable to the tax year that ended in the calendar year before the previous calendar year.

11 (3) Only one claim may be made with respect to any property.

12 (4) A claim is not allowed under this section if there are delinquent property taxes owed on the principal
13 residence.

14 (5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the excess
15 must be refunded to the claimant. The credit may be claimed even if the claimant has no income that is taxable
16 under this chapter.

17 (6) The department may adopt rules to implement and administer this section.

18 (7) As used in this section, "principal residence" means a class four residential dwelling that is a
19 single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home that is
20 occupied by the owner for at least 7 months during the tax year and as much of the surrounding land, not
21 exceeding 5 acres, as is reasonably necessary for its use as a dwelling.

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23 **NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an
24 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

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26 **NEW SECTION. Section 3. Contingent voidness.** If Senate Bill No. 372 is not passed and approved
27 or if Senate Bill No. 372 is rendered void, then the bracketed language in [section 1(1)(a)] is void.

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29 **NEW SECTION. Section 4. Effective date.** If approved by the electorate, [this act] is effective January
30 1, 2013.

