



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

Bill # SB0011

Title: Increase minimum corporate income tax

Primary Sponsor: Cohenour, Jill

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 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$400,000	\$1,577,000	\$1,577,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$400,000</u>	<u>\$1,577,000</u>	<u>\$1,577,000</u>

**Description of fiscal impact:** SB 11 would increase the corporate income tax minimum tax from \$50 to \$200. This would increase general fund revenue by an estimated \$400,000 in FY 2023 and \$1,577,000 in FY 2024 and FY 2025. The department would see no additional costs because of this bill.

### FISCAL ANALYSIS

#### Assumptions:

#### Department of Revenue

- Under current law, corporations who do business in Montana are required to file a tax return and pay a minimum tax of \$50, even if their Montana income is low enough that their tax liability would be less than \$50. SB 11 would increase this corporate minimum tax from \$50 to \$200.
- Each year, about 10,500 of the 16,500 corporations that file a return in Montana pay the minimum tax of \$50.
- Based on the number of corporate tax returns for TY 2016 through TY 2018, it is estimated that this bill would increase total corporate income tax liability by approximately \$1.557 million each year.
- This bill would apply to tax years beginning after December 31, 2021. Due to the filing delay and automatic extensions for corporations, the resulting revenue impact would likely begin late in FY 2023 at approximately \$400,000, increasing to the full \$1,557,000 for FY 2024, and beyond. All corporate income tax revenue goes to the general fund.
- The department does not expect to incur additional costs because of this bill.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b>Department of Revenue</b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$400,000	\$1,577,000	\$1,577,000
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$1,577,000</b>	<b>\$1,577,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$400,000	\$1,577,000	\$1,577,000

**NO SPONSOR SIGNATURE**

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*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*