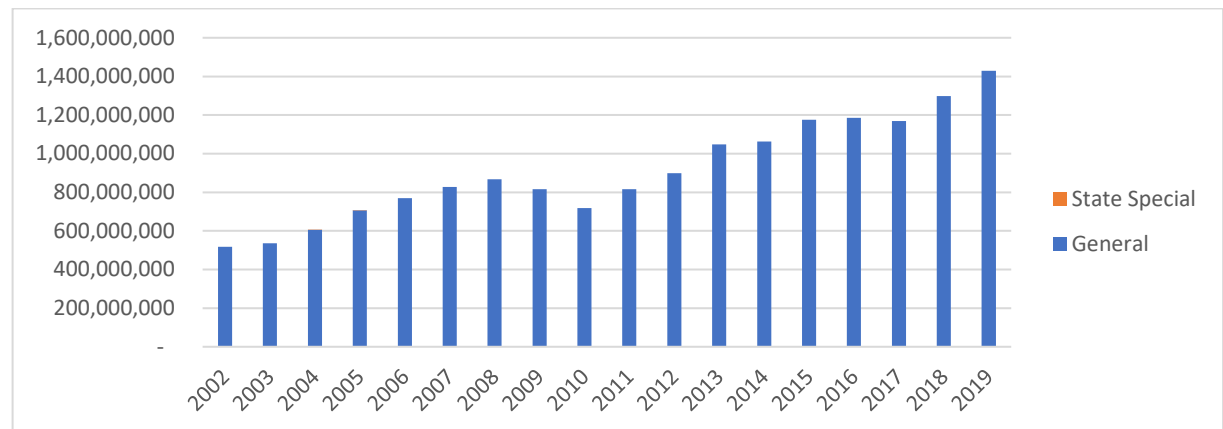


HJ 35: INDIVIDUAL INCOME TAX

GENERAL FUND RANK: #1

REVENUE COLLECTION HISTORY



BASIC INCOME TAX CALCULATION

Montana Adjusted Gross Income (MAGI) = Federal Adjusted Gross Income + Montana Additions – Montana Subtractions

Montana Taxable Income = MAGI - Standard Deduction or Itemized Deduction – Personal Exemptions

Montana Tax Liability = (Montana Taxable Income * Tax Rate) – Tax Credits

THE NUMBERS (2018)

- 14 Montana Additions, 34 Montana Subtractions (approximately)
- Standard Deduction: 20% of MAGI (min \$2,030/max \$4,580; MFJ/HOH min \$4,060/max \$9,160)
- Personal Exemption: \$2,440/person (additional for 65+, blind, child with disability)
- Tax Rate Schedule: \$0 to \$3,000: 1%; \$3,001 to \$5,200: 2%; \$5,201 to \$8,000: 3%; \$8,001 to \$10,800: 4%; \$10,801 to \$13,900: 5%; \$13,901 to \$17,900: 6%; Over \$17,901: 6.9%
- 22 individual credits, 23 pass-through credits

DISTRIBUTION OF INDIVIDUAL INCOME TAX REVENUE

Account	Amount
General Fund	100%

MAJOR LEGISLATIVE ACTIONS, 2001- 2019

Year	Bill	Description	Estimated General Fund Impact*
2001	HB 143	Requires inclusion of taxpayer's share of pass-through income, allows filing composite return with quarterly payments, requires withholding (or composite return) for nonresidents	\$1,185,000
2003	SB 407	<ul style="list-style-type: none"> Revises individual income tax rates Limits federal income taxes paid deduction: \$5,000/\$10,000 MFJ Enacts capital gains tax credit: 1% in 2005/2006, 2% after 2006 Credit for share of tax paid to a state for partnership in which resident is a partner Non-income tax changes: <ul style="list-style-type: none"> 3% sales tax on lodging; 4% sales tax on rental vehicles Increased cigarette tax from 18 cents to 70 cents/pack Increased tax on tobacco products 	Total GF: \$24,113,857 Income tax only: TY 2005: (\$29,564,000) TY 2006: (\$45,915,000)
2007	SB 439	Requires withholding from mineral royalty payments that annually total \$2,000 or more	\$2,368,318
2015	SB 410	Non-refundable credits for donations to public schools for innovative programs and for donations to student scholarship organizations	(\$5,641,659)**
2017	HB 391	Enacts refundable Earned Income Tax Credit of 3% of federal credit, effective TY 2019	(\$4,581,765)
2019	HB 293	Transferrable credit for media production expenses, separate credit for postproduction wages, total credits limited to \$10 million	(\$2,244,843)**
2019	SB 111	Extends qualified endowment tax credit (also extended in 2001/2007/2013 and amended to increase credit in 2001 and to repeal increase in 2003)	(\$3,246,000)**

*General fund fiscal impact is from fiscal note and is for first year in which legislation is fully implemented.

**Credit may also be taken against corporate income tax. Fiscal note does not estimate individual income tax and corporate income tax impact separately.

COMPARISON TO OTHER STATES

District of Columbia National Comparison, Income taxes paid on different income amounts, 2017:

- Income \$25,000: \$375, Rank: 11
- Income \$50,000: \$1,773, Rank: 19
- Income \$75,000: \$3,263, Rank: 17
- Income \$100,000: \$4,737, Rank: 11
- Income \$150,000: \$7,821, Rank: 12

Tax Foundation

- Table 13: State Individual Income Tax Collections per Capita, 2017: \$1,121, Rank: 21
- Table 14: State & Local Individual Income Tax Collections per Capita, 2016: \$1,137, Rank: 23