



AN ACT REVISING THE PROCESS FOR THE REVIEW OF TAX EXPENDITURES; PROVIDING THAT THE DEPARTMENT OF REVENUE IS REQUIRED TO REPORT CERTAIN TAX EXPENDITURES IN THE BIENNIAL REPORT AND MAKE IT AVAILABLE TO THE PUBLIC; ALLOWING A FEE FOR PUBLISHING COSTS OF THE BIENNIAL REPORT; ENCOURAGING A STATEMENT OF PURPOSE IN TAX EXPENDITURE LEGISLATION; AMENDING SECTION 15-1-205, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 15-1-205, MCA, is amended to read:

"15-1-205. Biennial report -- contents. (1) The department shall transmit to the governor 20 days before the meeting of the legislature and make available to the legislature and the public a report of the department showing all the taxable property of the state, counties, and cities and its value. The department shall follow the provisions of 5-11-210 in preparing the report for the legislature.

(2) The report must also include the statewide average effective tax rate of taxable property in each class of property. The department may determine whether an appropriate effective tax rate may be derived for net proceeds, gross proceeds, agricultural land, and forest land.

(3) The report or supplements to the report may must also include:

- (a) the gross dollar amount of revenue loss attributable to:
 - (i) personal income and corporation license tax exemptions;
 - (ii) property tax exemptions for which application to the department is necessary;
 - (iii) deferral of income;
 - (iv) credits allowed against Montana personal income tax or Montana corporation license tax, reported separately;
 - (v) deductions from income; and
 - (vi) any other identifiable preferential treatment of income or property;
- (b) any change in tax revenue of the state or any unit of local government attributable to a change in

federal tax law; and

(c) any change in the revenue of any unit of local government attributable to a change in state tax law;

(d) the year of enactment and provision of the Montana Code Annotated granting the tax benefits in subsection (3)(a); and

(e) the number of taxpayers benefiting from each of the tax provisions listed in subsection (3)(a).

(4) ~~The~~ A distributional analysis of the data described in subsection (3), ~~if reported~~, must be related to the income level and age of the taxpayer whenever the information is available.

(5) (a) When reporting the data described in subsection (3)(a), the department shall identify any known purpose of the preferential treatment.

(b) Based upon the purpose of the preferential treatment, the department shall outline the available data necessary to determine the effectiveness of the preferential treatment.

(6) In reporting the data described in subsection (3), the department shall report any comparable data, if available, from Wyoming, Idaho, North Dakota, and South Dakota and from any other state the department may choose.

(7) The department shall identify in a separate section of the report any changes that have been made or that are contemplated in property appraisal or assessment.

(8) The department may include a report, prepared by the department of transportation, showing the selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states during the biennium, with indexes tabulated at sufficient intervals to show the comparative state price structures.

(9) The department shall provide an internet version of the report free of charge to the public and shall charge a fee for paper copies that is commensurate with the cost of printing the report."

Section 2. Tax expenditure criteria -- legislation. (1) The legislature recognizes the value of relevant information when making determinations regarding tax policy and tax expenditures. The legislature also recognizes the need to reevaluate tax expenditures after enactment. In consideration of these policy goals, the legislature encourages a policy of providing an explicit purpose of a tax expenditure and termination dates of no more than 6 years in any legislation creating, expanding, or continuing a tax expenditure.

(2) As used in this section, the term "tax expenditures" means those revenue losses attributable to provisions of Montana tax laws that allow a special exclusion, exemption, or deduction from gross income or that

provide a special credit, a preferential rate of tax, or a deferral of tax liability including:

- (a) personal income and corporation license tax exemptions;
- (b) property tax exemptions for which application to the department is necessary;
- (c) deferral of income;
- (d) credits allowed against Montana personal income tax or Montana corporation license tax;
- (e) deductions from income; and
- (f) any other identifiable preferential treatment of income or property.

Section 3. Codification instruction. [Section 2] is intended to be codified as an integral part of Title 5, chapter 4, part 1, and the provisions of Title 5, chapter 4, part 1, apply to [section 2].

Section 4. Effective date. [This act] is effective July 1, 2011.

- END -

I hereby certify that the within bill,
HB 0641, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2011.

President of the Senate

Signed this _____ day
of _____, 2011.

HOUSE BILL NO. 641

INTRODUCED BY HANDS, STAHL

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