

HOUSE BILL NO. 963

INTRODUCED BY M. REGIER, G. HERTZ, B. MERCER

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE TAX REDUCTION FUND; PROVIDING THAT EXCESS REVENUES FOR THE FISCAL YEAR BEGINNING JULY 1, 2023, BE TRANSFERRED INTO THE TAX REBATE FUND; DISTRIBUTING EXCESS REVENUE TO MONTANANS BASED ON CERTAIN INDIVIDUAL INCOME LIABILITY FOR REBATES; PROVIDING RESIDENT TAXPAYERS EXCESS REBATES FOR INDIVIDUAL INCOME TAXES PAID; PROVIDING A DEFINITION; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Tax rebate fund.** (1) There is an account in the state special revenue fund established in 17-2-102 known as the tax rebate fund.

(2) The account is funded through a transfer made pursuant to [section 2].

(3) Money in this account may only be used to provide individual income tax rebates as provided in [section 2] depending on the state's fiscal health.

(4) The money in the account must be invested pursuant to Title 17, chapter 6. The income and earnings on the account must be deposited in the account.

NEW SECTION. **Section 2. Individual income tax rebate.** (1) Subject subsection (2)(b), no later than October 1, 2024, the department of revenue shall issue to a qualified taxpayer who incurred individual income tax liability in the state in 2022 a one-time income tax rebate in an amount equal to the lesser of:

(a) the qualified taxpayer's 2022 individual income tax liability as properly reported on the 2022 Montana individual income tax return; or

(b) an amount based on the taxpayer's 2022 filing status, equal to:

(i) for a single taxpayer, a head of household, or a married taxpayer filing a separate return, amounts provided in subsection (5)(a); or

1 (ii) for a married couple filing a joint return, the amount provided for in subsection (5)(b).

2 (2) (a) The department may not issue a rebate pursuant to this section that exceeds the taxpayer's  
3 individual income tax liability as properly reported on the 2022 Montana individual income tax return.

4 (b) If the amount of money in the tax reduction fund provided in [section 1] is less than \$100 million  
5 on October 1, 2024, a rebate may not be issued.

6 (3) (a) Except as provided in subsection (3)(b), the department shall issue rebates provided for in  
7 this section electronically or by mailing a check to the taxpayer's mailing address based on the taxpayer's  
8 refund instructions.

9 (b) A rebate provided for in this section must first be credited against any outstanding liability for  
10 which the department withholds a tax refund existing at the time the refund is issued.

11 (4) A rebate received pursuant to this section is exempt from taxation under this chapter.

12 (5) (a) Subject to subsection (5)(c), the amount of the rebate for a single taxpayer, a head of  
13 household, or a married taxpayer filing a separate return is the quotient of the money in the tax reduction fund  
14 provided in [section 1] on October 1, 2024, divided by anticipated distributions as follows:

15 (i) if the amount of money in the tax reduction fund is at least \$100 million but less than \$200  
16 million, the amount of the rebate is the quotient of the money in the tax reduction fund divided by 515,000;

17 (ii) if the amount of money in the tax reduction fund is at least \$200 million but less than \$300  
18 million, the amount of the rebate is the quotient of the money in the tax reduction fund divided by 480,000;

19 (iii) if the amount of money in the tax reduction fund is at least \$300 million but less than \$400  
20 million, the amount of the rebate is the quotient of the money in the tax reduction fund divided by 460,000;

21 (iv) if the amount of money in the tax reduction fund is at least \$400 million but less than \$500  
22 million, the amount of the rebate is the quotient of the money in the tax reduction fund divided by 430,000; and

23 (v) if the amount of money in the tax reduction fund is at least \$500 million, the amount of the  
24 rebate is the quotient of the money in the tax reduction fund divided by 410,000. Any amount of money above  
25 \$500 million must be retained in the tax reduction fund.

26 (b) Subject to subsection (5)(c), the amount of the rebate for a married couple filing a joint return is  
27 double the amount provided for in subsection (5)(a).

28 (c) The department shall round the quotients provided for in subsections (5)(a) and (5)(b)

1 downward to the nearest \$1.

2 (6) (a) As used in this section, the term "qualified taxpayer" means an individual who was a  
3 resident, as defined in 15-30-2101, for the entire income tax year beginning January 1, 2022, and who filed a  
4 Montana individual income tax return for income tax year 2022 by the due date for filing the return for income  
5 tax year 2022, including any extensions that have been granted.

6 (b) The term does not include:

7 (i) a taxpayer who is a nonresident, as defined in 15-30-2101, who filed tax returns in 2022  
8 pursuant to 15-30-2104;

9 (ii) an individual who was claimed as a dependent by another taxpayer for federal or Montana  
10 income tax purposes for the 2022 tax year; or

11 (iii) a trust.

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13 **NEW SECTION. Section 3. Calculation of annual revenues -- transfer of funds.** (1) By August 1,  
14 2024, the state treasurer shall calculate the amount of actual revenue for the fiscal year beginning July 1, 2023,  
15 as certified by the office of budget and program planning that exceeds the revenue estimate made pursuant to  
16 5-5-227 in effect on [the effective date of this act] adjusted for legislation for the same fiscal year. The actual  
17 revenue must be reduced by the amount of the following annual transfers:

18 (a) the budget stabilization reserve fund pursuant to 17-7-130;

19 (b) the fire suppression account provided for in 76-13-150; and

20 (c) the capital developments long-range building program account established in 17-7-209.

21 (2) A transfer pursuant to subsection (3) may only be made if the cumulative amount of the  
22 following funds exceeds 44.3% of all general fund appropriations in the second year of the biennium beginning  
23 July 1, 2023:

24 (a) the state general fund;

25 (b) the budget stabilization reserve fund pursuant to 17-7-130;

26 (c) the fire suppression account provided for in 76-13-150; and

27 (d) the net balance of the capital developments long-range building program account established  
28 in 17-7-209 after reducing it by funds appropriated from the fund for the 2025 biennium.

1           (3)     The amount by which the actual revenue for the fiscal year beginning July 1, 2023, exceeds the  
2 revenue estimate made pursuant to 5-5-227 after the transfers provided for in subsection (1) are made must be  
3 transferred to the account established in [section 1] by August 15, 2024.

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5           NEW SECTION. **Section 4. Codification instruction.** [Section 1] is intended to be codified as an  
6 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

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8           NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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