FISCAL NOTE

Bill #: SB480 **Title:** Revise tax laws to clarify taxation of dividends

Primary Sponsor: Jerry Black **Status:** As Introduced

Sponsor signature Date Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY 2004 Difference	FY 2005 Difference
Expenditures:		
General Fund	$0	$0
Revenue:		
General Fund	$0	$0
Net Impact on General Fund Balance:	$0	$0

- ☐ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☐ Technical Concerns
- ☐ Significant Long-Term Impacts
- ☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. This bill applies to tax years commencing after December 31, 2002.
2. This bill amends the definition of Montana adjusted gross income (MCA, 15-30-111) to provide that Montana adjusted gross income (MAGI) includes the amount of any dividend to the extent that the dividend is not included in federal adjusted gross income.
3. Under current law, MAGI includes all dividends included in federal adjusted gross income, and there are no dividends that are excluded from federal adjusted gross income. Under this bill MAGI will include all dividends currently included in federal adjusted gross income, regardless of any future treatment of dividend income for federal tax purposes. Consequently, there is no impact on the general fund from this bill.
4. There are no administrative impacts on the Department of Revenue from this bill.

TECHNICAL NOTES:

1. If the federal government eliminated taxation of dividends currently included in federal adjusted gross income SB480 would prevent the loss of $21-23 million per year.