SENATE BILL NO. 2

INTRODUCED BY B. BEARD

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: “AN ACT REQUIRING TERMINATION DATES ON CERTAIN LEGISLATION ENACTING OR EXTENDING REAL PROPERTY EXEMPTIONS; AND AMENDING SECTION 5-4-104, MCA.”

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

Section 1. Section 5-4-104, MCA, is amended to read:

"**5-4-104. 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, except as provided in subsection (2), a termination ~~dates~~ date of no more than 6 years in any legislation creating, expanding, or continuing a tax expenditure.

(2) The following legislation must include a termination date:

(a) legislation implementing a real property exemption enacted after [the effective date of this act]; and

(b) legislation to extend the termination date of a real property exemption following evaluation of the exemption by the revenue interim committee.

~~(2)~~ (3) 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 corporate income 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 corporate income tax;

(e) deductions from income; and

(f) any other identifiable preferential treatment of income or property."

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