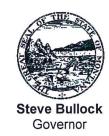


Montana Department of Revenue



Memorandum

To:

Director Walborn

From:

Rose Bender

Date:

June 20, 2018

Subject:

Federal Tax Reform Corporate Estimate Updated

Montana's estimated change in corporate income tax revenue, by provision in H.R. 1, is shown below by tax year. Estimates for all the international provisions are de minimus.

Provision	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022	TY 2023	TY 2024	TY 2025	TY 2026	TY 2027
Increase expensing/bonus										
depreciation	(\$27.2)	(\$31.0)	(\$21.0)	(\$12.0)	(\$10.0)	(\$4.0)	\$3.0	\$7.0	\$10.0	\$11.0
Expansion of section 179 expensing	(\$0.5)	(\$0.9)	(\$0.5)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
Small business accounting method										
reform and simplification	(\$0.9)	(\$0.9)	(\$0.4)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Limit net interest deductions to 30%										
of adjusted taxable income,										
carryforward of denied deduction	\$1.0	\$2.0	\$2.3	\$2.3	\$2.9	\$3.5	\$3.4	\$3.7	\$4.0	\$4.3
Repeal like-kind exchanges except										
for real property	\$0.1	\$0.1	\$0.1	\$0.2	\$0.3	\$0.3	\$0.4	\$0.5	\$0.7	\$0.8
Applicable recovery period for real										
property	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
Repeal of deduction for income							×			
attributable to domestic production										
activities	\$0.5	\$1.0	\$1.1	\$1.1	\$1.1	\$1.2	\$1.2	\$1.3	\$1.3	\$1.4
Limitation on deduction by										
employers on expenses with fringe										
benefits	\$0.3	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$0.5
Accounting method changes	\$0.1	\$0.2	\$0.3	\$0.3	\$0.2	\$0.1	\$0.1	\$0.1	\$0.0	\$0.0
Amortization of research and										
expenditures	\$0.0	\$0.0	\$0.0	\$0.0	\$2.8	\$3.8	\$3.0	\$2.2	\$1.3	\$0.7
Total	(\$26.7)	(\$28.9)	(\$17.7)	(\$8.3)	(\$2.8)	\$4.9	\$11.3	\$14.8	\$17.5	\$18.4