

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INTRODUCED BY SENATE BILL NO. 61
Cupp
BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE CALCULATION OF THE MONTANA DEDUCTION ALLOWED FOR A NET OPERATING LOSS DEDUCTION FROM A TRADE OR BUSINESS IS LIMITED TO ITEMS RELATED TO MONTANA INCOME; AMENDING SECTION 15-30-117, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-30-117, MCA, is amended to read:
"15-30-117. Net operating loss -- computation. (1) A Montana net operating loss must be determined in accordance with section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended and in accordance with the following:

(a) ~~Additions-to-loss-include~~ The net operating loss deduction for Montana purposes is increased by the following:

(i) that portion of the federal income tax and motor vehicle tax allowed as a deduction under 15-30-121 or 15-30-131 which is attributable to income from a Montana trade or business; and

(ii) Montana wages and salaries allowed as a business deduction under 15-30-111(5).

(b) ~~Reductions-in-the-loss-include~~ The net operating loss deduction for Montana purposes is decreased by the following:

(i) interest received on obligations of another state or territory or of a county, municipality, district, or political subdivision thereof allowed as nonbusiness income under 15-30-111(1)(a);

(ii) federal income tax refunds required to be reported under 15-30-111 and 15-30-131 as Montana business income;

(iii) state income tax; and

(iv) any other nonbusiness deductions allowed under 15-30-121 in excess of nonbusiness income.

(2) Notwithstanding the provisions of section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, a net operating loss does not include:

(a) income defined as exempt from state taxation under 15-30-111(2); or

(b) a zero bracket deduction provided for under section 63 of the Internal Revenue Code of 1954 or as that section may be labeled or amended."

NEW SECTION. **Section 2.** Effective date. [This act] is effective on passage and approval.

NEW SECTION. **Section 3.** Retroactive applicability.

INTRODUCED BILL
SB61



LC 0313/01

- 1 [Section 1] applies retroactively, within the meaning of
- 2 1-2-109, to taxable years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0061, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act clarifying that the calculation of the Montana deduction allowed for a net operating loss deduction from a trade or business is limited to items related to Montana income; and providing an immediate effective date and a retroactive applicability date.


FISCAL IMPACT:

Expenditures:


The is no impact on Department of Revenue administrative expenditures.

Revenues:

This bill is drafted in response to a unique situation in which a taxpayer who had moved to the state used losses associated with business income unrelated to Montana activity to reduce Montana taxable income. Because these occurrences are rare and unique, it is not possible to estimate when similar situations will arise, or the extent of the tax impact associated with them. In any event, the average annual tax impact is estimated to be minimal.



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning 1-12-91



BRUCE D. CRIPPEN, PRIMARY SPONSOR DATE
1-14-91

Fiscal Note for SB0061, as introduced

SB 61

APPROVED BY COMMITTEE
ON TAXATION

1
2 INTRODUCED BY SENATE BILL NO. 61
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE
6 CALCULATION OF THE MONTANA DEDUCTION ALLOWED FOR A NET
7 OPERATING LOSS DEDUCTION FROM A TRADE OR BUSINESS IS LIMITED
8 TO ITEMS RELATED TO MONTANA INCOME; AMENDING SECTION
9 15-30-117, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
10 AND A RETROACTIVE APPLICABILITY DATE."
11

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

13 **Section 1.** Section 15-30-117, MCA, is amended to read:

14 *15-30-117. Net operating loss -- computation. (1) A
15 Montana net operating loss must be determined in accordance
16 with section 172 of the Internal Revenue Code of 1954 or as
17 that section may be labeled or amended and in accordance
18 with the following:

19 (a) Additions-to-loss-include The net operating loss
20 deduction for Montana purposes is increased by the
21 following:

22 (i) that portion of the federal income tax and motor
23 vehicle tax allowed as a deduction under 15-30-121 or
24 15-30-131 which is attributable to income from a Montana
25 trade or business; and

1 (ii) Montana wages and salaries allowed as a business
2 deduction under 15-30-111(5).

3 (b) Reductions-in-the-loss-include The net operating
4 loss deduction for Montana purposes is decreased by the
5 following:

6 (i) interest received on obligations of another state
7 or territory or of a county, municipality, district, or
8 political subdivision thereof allowed as nonbusiness income
9 under 15-30-111(1)(a);

10 (ii) federal income tax refunds required to be reported
11 under 15-30-111 and 15-30-131 as Montana business income;

12 (iii) state income tax; and

13 (iv) any other nonbusiness deductions allowed under
14 15-30-121 in excess of nonbusiness income.

15 (2) Notwithstanding the provisions of section 172 of
16 the Internal Revenue Code of 1954 or as that section may be
17 labeled or amended, a net operating loss does not include:

18 (a) income defined as exempt from state taxation under
19 15-30-111(2); or

20 (b) a zero bracket deduction provided for under section
21 63 of the Internal Revenue Code of 1954 or as that section
22 may be labeled or amended."

23 NEW SECTION. Section 2. Effective date. [This act] is
24 effective on passage and approval.

25 NEW SECTION. Section 3. Retroactive applicability.

SECOND READING

SB61



LC 0313/01

- 1 [Section 1] applies retroactively, within the meaning of
- 2 1-2-109, to taxable years beginning after December 31, 1990.

-End-

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INTRODUCED BY Senate BILL NO. 61
Cyp
BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE CALCULATION OF THE MONTANA DEDUCTION ALLOWED FOR A NET OPERATING LOSS DEDUCTION FROM A TRADE OR BUSINESS IS LIMITED TO ITEMS RELATED TO MONTANA INCOME; AMENDING SECTION 15-30-117, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-30-117, MCA, is amended to read:

"15-30-117. Net operating loss -- computation. (1) A Montana net operating loss must be determined in accordance with section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended and in accordance with the following:

(a) ~~Additions-to-loss-include~~ The net operating loss deduction for Montana purposes is increased by the following:

(i) that portion of the federal income tax and motor vehicle tax allowed as a deduction under 15-30-121 or 15-30-131 which is attributable to income from a Montana trade or business; and

(ii) Montana wages and salaries allowed as a business deduction under 15-30-111(5).

(b) ~~Reductions-in-the-loss-include~~ The net operating loss deduction for Montana purposes is decreased by the following:

(i) interest received on obligations of another state or territory or of a county, municipality, district, or political subdivision thereof allowed as nonbusiness income under 15-30-111(1)(a);

(ii) federal income tax refunds required to be reported under 15-30-111 and 15-30-131 as Montana business income;

(iii) state income tax; and

(iv) any other nonbusiness deductions allowed under 15-30-121 in excess of nonbusiness income.

(2) Notwithstanding the provisions of section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, a net operating loss does not include:

(a) income defined as exempt from state taxation under 15-30-111(2); or

(b) a zero bracket deduction provided for under section 63 of the Internal Revenue Code of 1954 or as that section may be labeled or amended."

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 3. Retroactive applicability.

THIRD READING

SB 61



LC 0313/01

- 1 [Section 1] applies retroactively, within the meaning of
- 2 1-2-109, to taxable years beginning after December 31, 1990.

-End-

SENATE BILL NO. 61

INTRODUCED BY CRIPPEN

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE CALCULATION OF THE MONTANA DEDUCTION ALLOWED FOR A NET OPERATING LOSS DEDUCTION FROM A TRADE OR BUSINESS IS LIMITED TO ITEMS RELATED TO MONTANA INCOME; AMENDING SECTION 15-30-117, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-30-117, MCA, is amended to read:

"15-30-117. Net operating loss -- computation. (1) A Montana net operating loss must be determined in accordance with section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended and in accordance with the following:

(a) ~~Additions-to-loss-include~~ The net operating loss deduction for Montana purposes is increased by the following:

(i) that portion of the federal income tax and motor vehicle tax allowed as a deduction under 15-30-121 or 15-30-131 which is attributable to income from a Montana trade or business; and

(ii) Montana wages and salaries allowed as a business deduction under 15-30-111(5).

(b) ~~Reductions-in-the-loss-include~~ The net operating loss deduction for Montana purposes is decreased by the following:

(i) interest received on obligations of another state or territory or of a county, municipality, district, or political subdivision thereof allowed as nonbusiness income under 15-30-111(1)(a);

(ii) federal income tax refunds required to be reported under 15-30-111 and 15-30-131 as Montana business income;

(iii) state income tax; and

(iv) any other nonbusiness deductions allowed under 15-30-121 in excess of nonbusiness income.

(2) Notwithstanding the provisions of section 172 of the Internal Revenue Code of 1954 or as that section may be labeled or amended, a net operating loss does not include:

(a) income defined as exempt from state taxation under 15-30-111(2); or

(b) a zero bracket deduction provided for under section 63 of the Internal Revenue Code of 1954 or as that section may be labeled or amended."

NEW SECTION. **Section 2.** Effective date. [This act] is effective on passage and approval.

NEW SECTION. **Section 3.** Retroactive applicability.

REFERENCE BILL

SB 61

SB 0061/02

- 1 [Section 1] applies retroactively, within the meaning of
- 2 1-2-109, to taxable years beginning after December 31, 1990.

-End-