

Leg Incl.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 15, 1983

The forty-seventh meeting of the Taxation Committee was called to order at 8 a.m. by Chairman Pat M. Goodover in Room 415 of the Capitol Building.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 637: Representative Rex Manuel, House District 11, sponsored this bill. Several months ago, he said, farmers came to Helena for a hearing at the Civic Center on the valuation of agricultural land. Most of those attending were against the rules and regulations that were proposed. HB 637 was presented as a guide to how irrigated land should be taxed, using a capitalized net income approach. See Exhibit A. The Department of Revenue was using all kinds of corn, wheat, barley and other crops to come up with an assessed value. Hay is a universal crop in Montana. Yellowstone County farmers can get 5 or 6 cuttings of alfalfa hay a year while in other places in the state, farmers get only one crop of alfalfa hay. Representative Manuel said that in his area, they get two cuttings of alfalfa hay.

PROPOSERS

Dennis Burr, representing the Montana Taxpayers Association, said the statutes are so loose that the Department of Revenue can't support anything that they do. Capitalized income is how they arrived at their current rate schedules. The Department was going to come up with a conglomeration of crops grown in Montana for valuation, but then alfalfa hay was used. An important part of the bill is proposed subsection (3) of 15-7-201 which says the Department of Revenue will adopt rules that specify a method to be used to calculate the valuation of agricultural land. Also, the bill may need a statement of intent that might include specifics of what the legislature expects in the way of departmental rules.

Pat Underwood, representing the Montana Farm Bureau and the Montana Stockgrowers Association, said both associations support HB 637. See Exhibit B.

Terry Murphy, representing the Montana Farmers Union, felt HB 637 lets people know they are being assessed on the same set of rules and criteria. It will work well for them, he said, and he asked the committee to pass the bill.

Jo Brunner, representing Women Involved in Farm Economics, submitted written testimony attached as Exhibit C.

Mike Stephen, representing the Montana Association of Counties, said they support HB 637. Any guidance the legislature can give to the Department of Revenue in bringing about an assessment of these lands would be appreciated.

Ellen Feaver, director of the Department of Revenue, said she supports HB 637 and agrees that the legislature should provide direction. Rulemaking on this issue has been suspended pending action of this legislature. The statutes mandate the Department reevaluate agricultural land. Some lands are not valued fairly in comparison to other farm land. She welcomed the committee's input and said the Department will make the amendments that the legislature directs or as it seems necessary after input from the agricultural people.

OPPONENTS

There were no opponents to HB 637.

Questions from the committee were called for.

Senator Turnage asked for an example of the net capitalization. Gregg Groepper, Property Assessment Division of the Department of Revenue, said that basically, the approach is to take the value of a commodity as it sells on the market (5-year average) and average the expenses against that product and include the capitalization rate.

Senator Crippen asked where they came up with the capitalization rate. Mr. Groepper responded that Montana State University suggested a capitalization rate of 5.3%. Input on that was low, and it also didn't allow a deduction for property taxes. In figuring a capitalization rate, interest rates should be looked at. People have different ideas of what the capitalization rate should be.

Senator Turnage thought the farms should be valued separately rather than using averages.

Mr. Groepper said they used published information from MSU on Montana commodities and expenses. They want to use a rate that would represent a return on the investment the farmer puts into the farm. Agricultural land is valued on a production basis. They want the most accurate picture of what the expense side is for the farmer.

Senator Norman felt it would be very difficult to get one capitalization rate. It is time-honored that agricultural land be taxed on its productivity. This is getting more and more involved. He wondered if any thought had been given to basing the value on something other than productivity, such as market value at a lower value. Representative Manuel responded that this (HB 637) is universal, and it is easy to tell what the income is.

Senator Norman remarked that wheat is more valuable. Representative Manuel replied that in a specialty crop, you are taking a risk, but it still comes down to net income. The reason production is in there is that it is a universal way of telling a one-year contract at \$6 per hundred, another year at \$7 per hundred, etc. Senator Norman asked how land would be valued if a farmer couldn't raise hay. Senator Brown wondered how this differed with what the farmers on February 17 (agricultural land valuation hearing) were upset about. Representative Manuel responded that they didn't come down to the net income on February 17. You don't need all these tables if you base the value on net income, he said.

Senator Brown recalled that in 1963, agricultural land was valued on soil type. Mr. Groepper said that two things will happen with capitalized net income. Some types of soil will have zero type of soil. Those lands have zero net income. In terms of irrigated land, the figures include expenses of different water cost classes. He said they could not find any historical authority to do this.

Senator Brown asked Mr. Groepper if the Department of Revenue would interpret the bottom of page 1 of the bill (proposed subsection (2) to 15-7-201) as on Exhibit A that Representative Manuel handed out. He gave the following example: Say I have a 40-acre piece of ground. I drill a well, irrigate my land, and use good farming practices. I then harvest 100 bushels per acre. My neighbor doesn't irrigate and just loaf around and he gets only 25 bushels per acre. The irrigation farmer pays more because he has irrigated, and he's taxed on production and then taxed again on his income tax return. Mr. Groepper stated that that is what the statutes direct the Department to do.

Senator Elliott told Mr. Groepper that they have to allocate net income between the equipment, the farmer and the land. He wondered how the department valued the input of the farmer. Mr. Groepper responded that in making the rules, they tried to stay away from one farmer being better than the next farmer. They tried to find out the average expenses of that crop in Montana.

Senator McCallum wondered how many bushels per acre the department came up with for alfalfa. Mr. Groepper said on nonirrigation farm land, 40 bushels per acre. He again pointed out that they are using the five-year period from 1977 to 1981 to average. The irrigated land values they have in three classes would be changed by just using hay--they will rise on two types and lower on one type. Senator Towe asked why it would be less on one type. Mr. Groepper replied that it was because of the zero net income, where the expenses of raising a crop on the land exceed the income they receive. He said he was talking about some marginal crop lands that were broken up and people are attempting to raise crops on them.

Senator Towe asked Mr. Groepper if he thought using hay across the board was a good idea. Mr. Groepper said it was as good as anything else. The farmers split on sticking with what the ground is capable of producing.

Senator Towe asked Representative Manuel if it was his intent that some of the land not be taxed. He said he couldn't imagine irrigation land that wouldn't have a crop. You go to the county assessment rolls and they take it off anyhow. He wondered if Terry Murphy could comment on that end of the scale. Mr. Murphy replied that it would take experience to find the answer to that. Until the mid-1960s, the market value was pretty well reflected by productivity. Since that time, speculative ventures have come in and since the Vietnam war, things have changed, too. The problem to deal with is to simplify the procedure. Large parcels of land should not go untaxed. We need to find a way around taking sections of grazing land and not taxing them. The average is a good method to use. It is the shoddy operator who gets penalized with the tax, and that is okay.

Senator Brown remarked that the legislature is trying to establish in the law what they have been doing. Many people say the irrigation farmer's taxes will triple, but the taxes on dry land won't increase at all. How is that fair? Mr. Murphy responded that there are inequities now where dry land is taxed higher than irrigated land across the road from it. Triple in value does not necessarily mean triple taxes. The Department of Revenue's proposal was complicated.

Senator Crippen said this situation points out the problem of state equalization.

Senator Severson said the net income factor should be built into the valuation equation. Mr. Groepper stated that the Department tried to bring the formula current, and they felt they should take the average for agricultural prices and timber prices. More things on the expense side should have been considered and more surveying of farmers to get their expenses should have been done.

Senator Goodover asked if it was still on the books that farmers get a 20% reduction on getting from their farms to the cities. Mr. Groepper stated that they are removing that. In the appraisal plan, they have been directed to take it off this tax year.

Senator Gage pointed out that the committee had not considered the taxpayer or the taxpaying market. He wondered if these figures were for the basic use of the assessment process and whether the taxpayer could, on the basis of his own records, say that his land has never produced the state average in wheat, hay, or whatever crop, and his net has never reached the net Mr. Groepper is using here. Mr. Groepper reminded

Senator Gage that a taxpayer can appeal no matter what is on the books. From there, they go into a schedule, and this is what the assessed valuation would be.

Senator Gage thought the same thing would happen here as happened to drilling rigs. They have no comparative value with what you are doing. There are depreciation, obsolescence, and economic factors, and then you are back where you started.

Senator Turnage agreed that taxpayers have a statutory right to appeal but said they will have no possible bases upon which they can win their appeals. This came out of the hearing on the rules, he said (referring to the statement of Howard Lord, who said this method is devastating to the tax equation). There is no tax equity. Averaging is going to hurt someone.

Senator Severson wondered what the compelling need was to change the method of valuation. He referred to the statement that it hasn't been done since 1963. Mr. Groepper responded that the best reason was 4,000 to 6,000 tax appeals. Agricultural land was reviewed in 1963. Timberland was reviewed from 1967 through 1971. The Montana Constitution requires that the state equalize the valuation of all property (Montana Constitution, article VIII, § 3). The Supreme Court said they have to. They need to be brought current.

Senator Severson remarked that 1979 was the best year in agriculture he has seen. In 1981 and 1982, most agriculturalists in Montana were probably at zero net income.

Mr. Groepper stated that a ten-year cycle as opposed to a five-year cycle had been proposed for averaging. He also said the water cost classes were taken out of the proposed rule.

Senator Gage felt the more complicated they made it, the more possibility for inequity there would be. He suggested using gross income less expenses and forgetting the rest of this.

Senator Turnage said he understood the Department of Revenue's desire to have this bill as a basis. It would save a lot of appeals and court tests. It will raise taxes. He wondered how, if they believe in this method and ability to pay taxes, they address it when agriculture has been in such a depressed condition for the past two years. It seems contrary to the theory of ability to pay, he said. You get trapped in the average and have to pay more.

Ellen Feaver, director of the Department of Revenue, said that given the comparisons between the old and new schedules, there were classifications whose rates would go down. They are trying to establish a more equitable basis between landholders, she said. The net effect is that agricultural land taxes decrease. It depends on people who set the mill levies and on the local governments.

In closing, Representative Manuel stated that HB 637 does not talk about averages; that is the Department of Revenue's idea. The capitalized income approach in the bill is according to one's ability to pay.

The hearing on HB 637 was closed.

Senator Severson agreed that a statement of intent was necessary on HB 637, and he asked to be on the subcommittee appointed to draft one. He felt the sponsor of the bill was not looking at the bill the same way that the Department of Revenue was looking at it. Chairman Goodover appointed Senators Gage, Severson, and Towe to draft a statement of intent for HB 637.

CONSIDERATION OF HOUSE BILL 631: Representative James Schultz, House District 48, sponsor of this bill, said the people addressed in HB 631 have come out short. See his written statement attached as Exhibit D. HB 631 throws the single-head family in the same category with a married couple. A single person with the same expenses as a married couple (i.e., house, car, family) only gets a \$1,500 standard deduction. The single person is penalized for not being married. The taxation committee in the House did amend the effective date from years beginning after 1982 to those beginning after 1983. The Internal Revenue Code at page 3889 defines "head of household". See Exhibit E attached.

PROPONENTS

There were no proponents other than the sponsor. Representative Schultz stated that even though no witnesses were here to testify, he did have several letters from single heads of household who supported the bill but could not be here because they are strapped for funds and are at home trying to manage households.

OPPONENTS

There were no opponents to HB 631.

TECHNICAL INFORMATION

Ellen Feaver, director of the Department of Revenue, asked for 1985 because of the present fiscal situation of the state.

Questions from the committee were called for.

Senator Elliott wondered if the definition of "head of household" here was adequate. Ms. Feaver said the administration did not perceive it to be a problem.

The hearing on HB 631 was closed.

DISPOSITION OF HOUSE BILL 631: The committee wondered what assumption (2) in the fiscal note (adoption of the proposal would result in a 0.405% reduction in individual income tax collections) was based upon. Senator Gage added that HB 631 would double some people's standard deduction. Senator Turnage wondered how many returns were not itemized.

Senator Towe moved that the following amendment be adopted:

Page 2, line 17.

Strike: "1983"

Insert: "1984"

The motion was seconded and passed, with Senators Elliott, Gage, and Norman voting no.

Senator Lynch moved that HB 631 BE CONCURRED IN AS AMENDED. The motion was seconded and passed unanimously. Senator Gage will carry the bill on the floor.

DISPOSITION OF HOUSE BILL 702: John LaFaver, director of the Department of Social and Rehabilitation Services, suggested the following amendment be made:

Page 3, lines 14 through 16.

Following: "FOR" on line 14

Strike: "THE CARE OF THE DEVELOPMENTALLY DISABLED, WHICH IS NOT OPERATED FOR GAIN OR PROFIT"

Insert: "developmentally disabled or foster care activities and are funded primarily with state funds"

Senator Towe commented that that takes our "profit". He then moved to insert "Personal" following "(L)" on line 11 on page 3. The motion was seconded.

Senator Turnage said the big impact would be on real property so if we limit this to personal property, we are okay. A vote was taken and Senator Towe's motion passed, with Senator Lynch voting no.

Senator Towe moved to add "PERSONAL" on line 6, following line 5 in the title of the bill. The motion was seconded and passed, with Senator Lynch voting no.

Senator Towe moved that HB 702 BE CONCURRED IN AS AMENDED. The motion was seconded and passed unanimously. Senator Mazurek will carry the bill on the floor.

CONSIDERATION OF HOUSE BILL 716: Senator Turnage thought this was a bad bill. Senator Lynch agreed saying we don't want to cost the local entities anything now. He asked if we were having trouble selling bonds. Senator Towe responded negatively. Senator Turnage explained that this gives a 3% premium to brokers. They scooped up A coupon bonds and B coupon bonds with B coupons at 1/8 of 1% which goes to the brokers, and now we are going to legitimize this practice.

Senator Turnage moved that HB 716 be tabled. The motion was seconded.

Senator Lynch remarked that the vo-tech bonds (in Butte) were sold after 5 bids were received. They sold at low interest after about a year and a half. Senator Turnage said that was because the interest rate was so high.

A vote was taken, and the motion passed unanimously.

CONSIDERATION OF HOUSE BILL 742: Senator Elliott wondered if HB 742 could be amended so 25% of the street lighting district costs are paid by the cities for arterial streets. It was pointed out that different cities have different problems regarding street lighting. One section of law tries to deal with all of them. When you try to take care of a problem in Cascade County this way, you create problems in three or four other counties.

Senator Towe noted that they struck the word "shall" and inserted "may" to make the assessment permissive.

Senator Crippen stated that the protest doesn't follow the method of assessment here.

Senator Turnage moved that HB 742 be tabled. The motion was seconded and passed, with Senators Crippen, Eck, Goodover, Lynch, Mazurek, and Norman voting no.

CONSIDERATION OF HOUSE BILL 750: Chairman Goodover asked Gregg Groepper from the Property Assessment Division of the Department of Revenue if they were having a problem with this bill. The fiscal note was done before the House amendments were made to the bill. The problem is only in when property tax notices are sent out. The county assessors' problem is that some of these trailers are still too mobile and can leave the county without paying any taxes at all.

In response to a question from Senator Eck about Section 5 of the bill (new section--initial assessment of class 12 property--when), Mr. Groepper said "assessing" is the act of getting the property assessed--going out and getting the specs on property and bringing them back to the department to calculate for notices. He said he thought Section 5 should be taken out of the bill. He also noted that the elected county assessors are not certified by the Department to appraise and assess property. The department still goes out, using manual labor to put an appraised value on the property.

Senator Turnage moved that HB 750 be tabled. The motion was seconded and passed unanimously. The secretary was asked to request an amended and updated fiscal note on HB 750 for the committee to review.

DISPOSITION OF HOUSE BILL 766: Senator Mazurek moved that HB 766 BE CONCURRED IN. The motion was seconded. Cort Harrington, the committee's staff attorney, said the fiscal note accompanying HB 766 assumes the bill is mandatory rather than discretionary. It is only used when it is beneficial to both parties.

Senator Eck noted that this allows the parties to litigate at a lesser cost. Senator Towe said the bill is aimed at Burlington Northern and other business entities with large items of property, like manufacturing plants and so on. If they parties can agree in advance, that is an advantage.

A vote was taken on Senator Mazurek's motion, and it passed unanimously. Senator Towe will carry the bill on the floor.

Chairman Goodover stated that the committee would hear HB 58 (which was transferred from Local Government Committee on second reading) on Wednesday, March 16, as well as the two other bills we have scheduled for that date.

The meeting adjourned at 10 a.m.


Chairman

ROLL CALL

SENATE TAXATION

COMMITTEE

48th LEGISLATIVE SESSION -- 1983

Date 3/15 /83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

DATE March 15 , 1983

COMMITTEE ON TAXATION

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretariat)

SENATE TAXATION COMMITTEE

EXHIBIT A

Mar 15, 1983

House BILL/RES. 637

10:00 A.M.
1st Floor Conference Room of the
Mitchell Building at 5th and Roberts Street

Class	Ag Values		Average Value Currently Proposed
	1963 Average Value	Original Proposal	
Nonirrigated Farmland (Summerfallow)	\$34.59	\$ 28.25	\$ 36.51
Nonirrigated Farmland (Continuous Crop)	56.26	48.03	129.40
Grazing	18.12	17.68	35.84
Wild Hay	32.34	84.90	102.83
Tillable Irrigated *	--	--	--
Maximum	40.64	162.39	415.25
Medium	34.57	122.84	241.34
Minimum	30.95	101.87	125.11

*1963
Irrigated Land
Values before
60% Reduction and
Water Cost Adjustments

Maximum	\$113.26
Medium	97.94
Minimum	89.33

Change in Agricultural Values

+92% Over All Ag. Land

This is based on a weighting of the percentages of each agricultural class found in the state applied to the average percent change in value of each class as proposed.



MONTANA FARM BUREAU FEDERATION

502 SOUTH 19th

Dial 587-3153

BOZEMAN, MONTANA 59715

BILL NUMBER. HB 637

SUPPORT ☒ OPPOSE ☐ AMMEND ☐

NAME Pat Underwood

COMMENTS:

DATE MAR 15, 83

SENATE TAXATION COMMITTEE

EXHIBIT B

MAR 15, 1983

House BILL/RES. 637

The MONTANA Farm Bureau Federation
SUPPORTS HB 637, and RECOMMENDS
A DO PASS. WE ARE ALSO AUTHORIZED
TO TESTIFY FOR THE MONTANA
STOCK GROWERS TODAY - AS ALSO BEING
FOR THIS BILL

Patricia R. Underwood

WIFE Women Involved in Farm Economics



NAME JO BRUNNER BILL NO. HR 637
ADDRESS 563 3rd ST HELENA DATE Mar. 15,
REPRESENT WOMEN INVOLVED IN FARM ECONOMICS
SUPPORT X OPPOSE AMEND

COMMENTS:

Mr. Chairman, members of the committee, for the record, my name is Jo Brunner and I represent the members of the Women Involved in Farm Economics organization.

Mr. Chairman, our members have been actively involved in any process to re-evaluate our land for taxation purposes.

We realize that any increase in that evaluation will effect us directly through taxes levied. We protested the method used by the Department of Revenue to arrive at the final procedure.

We are aware that the evaluation will be adjusted from its present levels and we feel that a more equitable manner be used.

We are of the opinion that this bill will certainly be beneficial in that direction--that if we do use this method, and in conjunction with the other bills pertaining to the re-evaluation process, including participation by the agriculture community, we will come to a conclusion accepted by agriculture.

Thank you.

Mar 15, 1983House Bill 631

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD, MY NAME IS JIM SCHULTZ, REPRESENTATIVE, DISTRICT #48, LEWISTOWN, MONTANA.

HOUSE BILL 631 IS AN ATTEMPT TO CORRECT A SERIOUS INJUSTICE IN THE INCOME TAX LAWS OF MONTANA. DURING THE 47TH LEGISLATIVE SESSION, WE ADDRESSED MANY OF THE INCOME TAX INEQUITIES BUT THE FOLKS ADDRESSED IN HOUSE BILL 631 CAME OUT ON THE SHORT END.

THIS PROBLEM WAS BROUGHT TO MY ATTENTION IN 1981, FIRST BY A WIDOW WITH FIVE CHILDREN, WITH A HOME AND ALL THE ATTENDANT EXPENSES.

IN 1982, SHE AND 15 OTHER SINGLE PARENTS WITH SIMILAR PROBLEMS - I MIGHT ADD THAT THREE WERE FATHER'S WITHOUT SPOUSES, DISCUSSED THIS DISCRIMINATION WITH ME. I THINK THE PROBLEM IS CLEARLY DEFINED IN THE CHANGE IN THE BILL.

A COUPLE WITH A FAMILY, HOME, ETC. - MANY TIMES TWO INCOMES - IS ENTITLED TO \$3,000.00 AND SOME OF THE PROBLEMS THAT ARE ADDITIONAL TO THE SINGLE PARENT ARE SOLVED BY THE MARRIAGE.

CLOSING MR. CHAIRMAN, MEMBERS OF THE COMMITTEE,

THIS IS A GROUP OF MONTANANS THAT WON'T BE HERE TO FILL THE COMMITTEE ROOM - THERE WILL BE NO HIGHLY PAID, HIGHLY PROFICIENT LOBBYISTS OF ANY WELL FINANCED CORPORATIONS OR STATE-WIDE ORGANIZATIONS. THESE FOLKS ARE TOO BUSY TRYING TO MANAGE A FAMILY WITH NO SPOUSAL HELP.

THESE PEOPLE VOTED FOR US JUST AS THOSE THAT WE HEAR FROM DAILY IN OUR COMMITTEE HEARING.

I FEEL THAT THIS GROUP ALSO DESERVES OUR CONSIDERATION.

[Sec. 2(b)]

(b) DEFINITION OF HEAD OF HOUSEHOLD.—

(1) IN GENERAL.—For purposes of this subtitle, an individual shall be considered a head of a household if, and only if, such individual is not married at the close of his taxable year, is not a surviving spouse (as defined in subsection (a)), and either—

(A) maintains as his home a household which constitutes for such taxable year the principal place of abode, as a member of such household, of—

(i) a son, stepson, daughter, or stepdaughter of the taxpayer, or a descendant of a son or daughter of the taxpayer, but if such son, stepson, daughter, stepdaughter, or descendant is married at the close of the taxpayer's taxable year, only if the taxpayer is entitled to a deduction for the taxable year for such person under section 151, or

(ii) any other person who is a dependent of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such person under section 151, or

(B) maintains a household which constitutes for such taxable year the principal place of abode of the father or mother of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 151.

For purposes of this paragraph, an individual shall be considered as maintaining a household only if over half of the cost of maintaining the household during the taxable year is furnished by such individual.

(2) DETERMINATION OF STATUS.—For purposes of this subsection—

(A) a legally adopted child of a person shall be considered a child of such person by blood;

(B) an individual who is legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married;

(C) a taxpayer shall be considered as not married at the close of his taxable year if at any time during the taxable year his spouse is a nonresident alien; and

(D) a taxpayer shall be considered as married at the close of his taxable year if his spouse (other than a spouse described in subparagraph (C)) died during the taxable year.

(3) LIMITATIONS.—Notwithstanding paragraph (1), for purposes of this subtitle a taxpayer shall not be considered to be a head of a household—

(A) if at any time during the taxable year he is a nonresident alien; or

(B) by reason of an individual who would not be a dependent for the taxable year but for—

(i) paragraph (9) of section 152(a), or

(ii) subsection (c) of section 152.

Amendments:

Sec. as amended
effective:

P.L. 94-455, § 1901(b)(9)

clause (iii) as clause (ii), applicable for taxable years beginning after December 31, 1976. Prior to amendment, Sec. 2(b)(3)(B)(ii) read as follows: "paragraph (10) of section 152(a), or."

P.L. 94-455, § 1901(b)(9):

Amended Code Sec. 2(b)(3)(B) by striking out clause (ii), by adding "or" at the end of clause (i), and by redesignating

[Sec. 2(c)]

(c) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of this part, an individual shall be treated as not married at the close of the taxable year if such individual is so treated under the provisions of section 143(b).

Amendments:

Sec. as amended
effective:

P.L. 94-455, § 1901(a)(1)

(c) Certain Married Individuals Living Apart.—For purposes of this part, an individual who, under section 143(b), is not to be considered as married shall not be considered as married.

P.L. 94-455, § 1901(a)(1):

Amended Code Sec. 2(c) to read as above, applicable for taxable years beginning after December 31, 1976. Prior to amendment, subsection (c) read as follows:

MONTANA LEGISLATIVE COUNCIL
LIBRARY

Internal Revenue Code

083-30

Sec. 2(c)

STANDING COMMITTEE REPORT

March 15

19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 631

Schultz (Gage)

Respectfully report as follows: That House Bill No. 631

third reading copy, be amended as follows:

1. Page 2, line 17.

Strike: "1983"

Insert: "1984"

And as so amended

BE CONCURRED IN

~~FOR PASS~~

Mc

STANDING COMMITTEE REPORT

March 15

19 83

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 766

Asay (Towe)

Respectfully report as follows: That House Bill No. 766

third reading copy

BE CONCURRED IN

XXXXXX

J.C.