

1 *Senate* BILL NO. *34*
 2 INTRODUCED BY *Watt, Stoy, Hall, Baker, Manley*
 3 *Nealy*

4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
 5 94-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME
 6 SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED
 7 FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF
 8 ASSOCIATION FUNDS."
 9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 11 Section 1. Section 84-4905, R.C.M. 1947, is amended to
 12 read as follows:

13 "84-4905. Adjusted gross income. (1) Adjusted gross
 14 income shall be the taxpayer's federal income tax adjusted
 15 gross income as defined in section 62 of the Internal
 16 Revenue Code of 1954 or as that section may be labeled or
 17 amended, and in addition shall include the following:

18 (a) Interest received on obligations of another state
 19 or territory, or county, municipality, district, or other
 20 political subdivision thereof:

21 (b) Refunds received of federal income tax, to the
 22 extent the deduction of such tax resulted in a reduction of
 23 Montana income tax liability.

24 (2) Adjusted gross income does not include the
 25 following which are exempt from taxation under this act:

1 (a) Interest income from obligations of the United
 2 States government, the state of Montana, county,
 3 municipality, district, or other political subdivision
 4 thereof:

5 (b) All benefits received under the Federal Employees
 6 Retirement Act not in excess of three thousand six hundred
 7 dollars (\$3,600).

8 (c) All benefits paid under the Montana Teachers
 9 Retirement Act which are specified as exempt from taxation
 10 by section 75-2713.

11 (d) All benefits paid under the Montana Public
 12 Employees Act which are specified as exempt from taxation by
 13 section 68-1303.

14 (e) All benefits paid under the Montana Highway Patrol
 15 Retirement Act which are specified as exempt from taxation
 16 by section 31-221.

17 (f) Montana income tax refunds or credits thereof.

18 (g) All benefits paid under sections 11-1925, 11-1926,
 19 and 11-1927.

20 (3) In the case of a shareholder of a corporation with
 21 respect to which the election provided for under subchapter
 22 S. of the Internal Revenue Code of 1954, as amended, is in
 23 effect, but with respect to which the election provided for
 24 under section 84-1501.2, as amended, is not in effect,
 25 adjusted gross income does not include any part of the

1 corporation's undistributed taxable income, net operating
2 loss, capital gains or other gains, profits or losses
3 required to be included in the shareholder's federal income
4 tax adjusted gross income by reason of the said election
5 under subchapter S. However, the shareholder's adjusted
6 gross income shall include actual distribution from the
7 corporation to the extent they would be treated as taxable
8 dividends if the subchapter S. election were not in
9 effect."

-End-

Approved by Committee
on Taxation

1 SENATE BILL NO. 34
2 INTRODUCED BY WATT, STORY, HAZELBAKER,
3 MANLEY, HEALY

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
6 84-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME
7 SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED
8 FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF
9 ASSOCIATION FUNDS; AND PROVIDING AN EFFECTIVE DATE."

10
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13 read as follows:

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15 income shall be the taxpayer's federal income tax adjusted
16 gross income as defined in section 62 of the Internal
17 Revenue Code of 1954 or as that section may be labeled or
18 amended, and in addition shall include the following:

19 (a) Interest received on obligations of another state
20 or territory, or county, municipality, district, or other
21 political subdivision thereof:

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23 extent the deduction of such tax resulted in a reduction of
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3 States government, the state of Montana, county,
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7 Retirement Act not in excess of three thousand six hundred
8 dollars (\$3,600).

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19 (g) All benefits paid under sections 11-1925, 11-1926,
20 and 11-1927 TO RETIRED AND DISABLED FIREMEN, THEIR SURVIVING
21 SPOUSES AND ORPHANS.

22 (3) In the case of a shareholder of a corporation with
23 respect to which the election provided for under subchapter
24 S. of the Internal Revenue Code of 1954, as amended, is in
25 effect, but with respect to which the election provided for

1 under section 84-1501.2, as amended, is not in effect,
2 adjusted gross income does not include any part of the
3 corporation's undistributed taxable income, net operating
4 loss, capital gains or other gains, profits or losses
5 required to be included in the shareholder's federal income
6 tax adjusted gross income by reason of the said election
7 under subchapter S. However, the shareholder's adjusted
8 gross income shall include actual distribution from the
9 corporation to the extent they would be treated as taxable
10 dividends if the subchapter S. election were not in
11 effect."

12 SECTION 2. THIS ACT SHALL BE EFFECTIVE FOR ALL TAXABLE
13 YEARS COMMENCING WITH THE TAXABLE YEAR 1974.

-End-

1 SENATE BILL NO. 34

2 INTRODUCED BY WATT, STORY, HAZELBAKER,

3 WANLEY, HEALY

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
6 64-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME
7 SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED
8 FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF
9 ASSOCIATION FUNDS; AND PROVIDING AN EFFECTIVE DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Section 64-4905, R.C.M. 1947, is amended to
13 read as follows:

14 "64-4905. Adjusted gross income. (1) Adjusted gross
15 income shall be the taxpayer's federal income tax adjusted
16 gross income as defined in section 62 of the Internal
17 Revenue Code of 1954 or as that section may be labeled or
18 amended, and in addition shall include the following:

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20 or territory, or county, municipality, district, or other
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7 Retirement Act not in excess of three thousand six hundred
8 dollars (\$3,600).

9 (c) All benefits paid under the Montana Teachers
10 Retirement Act which are specified as exempt from taxation
11 by section ~~75-2713~~ 75-6215.

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13 Employees Act which are specified as exempt from taxation by
14 section 68-1303.

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16 Retirement Act which are specified as exempt from taxation
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20 and 11-1927 TO RETIRED AND DISABLED FIREMEN, THEIR SURVIVING
21 SPOUSES AND ORPHANS.

22 (3) In the case of a shareholder of a corporation with
23 respect to which the election provided for under subchapter
24 S. of the Internal Revenue Code of 1954, as amended, is in
25 effect, but with respect to which the election provided for

1 under section 64-1501.2, as amended, is not in effect,
2 adjusted gross income does not include any part of the
3 corporation's undistributed taxable income, net operating
4 loss, capital gains or other gains, profits or losses
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11 effect."

12 SECTION 2. THIS ACT SHALL BE EFFECTIVE FOR ALL TAXABLE
13 YEARS COMMENCING WITH THE TAXABLE YEAR ~~1974~~ 1975.

-End-

SENATE BILL NO. 34

INTRODUCED BY WATT, STORY, HAZELBAKER,

MANLEY, HEALY

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 84-4905, R.C.M. 1947, TO PROVIDE THAT ADJUSTED GROSS INCOME SHALL NOT INCLUDE BENEFITS PAID TO RETIRED FIREMEN, DISABLED FIREMEN, AND WIDOWS AND ORPHANS FROM FIRE DEPARTMENT RELIEF ASSOCIATION FUNDS; AND PROVIDING AN EFFECTIVE DATE."

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following which are exempt from taxation under this act:

(a) Interest income from obligations of the United States government, the state of Montana, county, municipality, district, or other political subdivision thereof:

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(d) All benefits paid under the Montana Public Employees Act which are specified as exempt from taxation by section 68-1303.

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