

HOUSE BILL 287

IN THE HOUSE

January 20, 1979	Introduced and referred to Committee on Taxation.
March 26, 1979	Committee recommend bill, as amended.
March 27, 1979	Printed and placed on members' desks.
	Second reading, do pass.
	Considered correctly engrossed.
	Third reading, passed.

IN THE SENATE

March 27, 1979	Introduced and referred to Committee on Taxation.
April 20, 1979	Died in Committee.

1 HOUSE BILL NO. 287
2 INTRODUCED BY H. Anderson

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PERSONAL
5 INCOME TAX STRUCTURE BY REPEALING THE SURTAX, INCREASING
6 EXEMPTIONS, RAISING THE MINIMUM INCOME REQUIREMENTS FOR
7 FILING RETURNS, AND REVISING TAX BRACKETS AND RATES;
8 AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112,
9 15-30-142, AND 15-30-162; REPEALING 15-30-104; AND PROVIDING
10 AN EFFECTIVE DATE."

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

13 Section 1. Section 15-30-103, MCA, is amended to read:

14 "15-30-103. Rate of tax. There shall be levied,
15 collected, and paid for each taxable year commencing on or
16 after December 31, 1968 1978, upon the taxable income of
17 every taxpayer subject to this tax, after making allowance
18 for exemptions and deductions as hereinafter provided, a tax
19 at the following rates:

- 20 (1) on the first \$1,000 of taxable income or any part
21 thereof, 2%;
- 22 (2) on the next \$1,000 of taxable income or any part
23 thereof, 3%;
- 24 (3) on the next \$2,000 of taxable income or any part
25 thereof, 4%;

- 1 (4) on the next \$2,000 of taxable income or any part
2 thereof, 5%;
- 3 (5) on the next \$2,000 of taxable income or any part
4 thereof, 6%;
- 5 (6) on the next \$2,000 of taxable income or any part
6 thereof, 7%;
- 7 (7) on the next ~~\$4,000~~ \$3,000 of taxable income or any
8 part thereof, 8%;
- 9 (8) on the next ~~\$6,000~~ \$4,000 of taxable income or any
10 part thereof, 9%;
- 11 ~~(9) on the next \$5,000 of taxable income or any part~~
12 ~~thereof, 10%;~~
- 13 ~~(10) on the next \$6,000 of taxable income or any part~~
14 ~~thereof, 11%;~~
- 15 ~~(11) on the next \$7,000 of taxable income or any part~~
16 ~~thereof, 12%;~~
- 17 ~~(12) on the next \$9,000 of taxable income or any part~~
18 ~~thereof, 13%;~~
- 19 ~~(13) on the next \$15,000 of taxable income or any part~~
20 ~~thereof, 14%;~~
- 21 ~~(14)~~ on the next ~~\$15,000~~ \$20,000 of taxable income
22 or any part thereof, ~~10%~~ 15%; and
- 23 ~~(14)~~ (15) on any taxable income in excess of ~~\$35,000~~
24 \$20,000 or any part thereof, ~~11%~~ 16%."
- 25 Section 2. Section 15-30-105, MCA, is amended to read:

-2-
HB 287
INTRODUCED BILL

1 "15-30-105. Tax on nonresident -- alternative tax
2 based on gross sales. (1) A like tax is imposed upon every
3 person not resident of this state, which tax shall be
4 levied, collected, and paid annually at the rates specified
5 in 15-30-103 with respect to his entire net income as herein
6 defined from all property owned and from every business,
7 trade, profession, or occupation carried on in this state.

8 (2) Pursuant to the provisions of Article III, section
9 2, of the Multistate Tax Compact, every nonresident taxpayer
10 required to file a return and whose only activity in Montana
11 consists of making sales and who does not own or rent real
12 estate or tangible personal property within Montana and
13 whose annual gross volume of sales made in Montana during
14 the taxable year does not exceed \$100,000 may elect to pay
15 an income tax of 1/2 of 1% of the dollar volume of gross
16 sales made in Montana during the taxable year. Such tax
17 shall be in lieu of the taxes imposed under 15-30-103 and
18 ~~15-30-104~~. The gross volume of sales made in Montana during
19 the taxable year shall be determined according to the
20 provisions of Article IV, sections 16 and 17, of the
21 Multistate Tax Compact."

22 Section 3. Section 15-30-112, MCA, is amended to read:

23 "15-30-112. Exemptions. (1) In the case of an
24 individual, the exemptions provided by this section shall be
25 allowed as deductions in computing taxable income.

1 (2) (a) An exemption of \$650 ~~\$800~~ shall be allowed for
2 taxable years beginning after December 31, ~~1973~~ 1978, for
3 the taxpayer.

4 (b) An additional exemption of \$650 ~~\$800~~ shall be
5 allowed for taxable years beginning after December 31, ~~1973~~
6 1978, for the spouse of the taxpayer if a separate return is
7 made by the taxpayer and if the spouse, for the calendar
8 year in which the taxable year of the taxpayer begins, has
9 no gross income and is not the dependent of another
10 taxpayer.

11 (3) (a) An additional exemption of \$650 ~~\$800~~ shall be
12 allowed for taxable years beginning after December 31, ~~1973~~
13 1978, for the taxpayer if he has attained the age of 65
14 before the close of his taxable year.

15 (b) An additional exemption of \$650 ~~\$800~~ shall be
16 allowed for taxable years beginning after December 31, ~~1973~~
17 1978, for the spouse of the taxpayer if a separate return is
18 made by the taxpayer and if the spouse has attained the age
19 of 65 before the close of such taxable year and, for the
20 calendar year in which the taxable year of the taxpayer
21 begins, has no gross income and is not the dependent of
22 another taxpayer.

23 (4) (a) An additional exemption of \$650 ~~\$800~~ shall be
24 allowed for taxable years beginning after December 31, ~~1973~~
25 1978, for the taxpayer if he is blind at the close of his

1 taxable year.

2 (b) An additional exemption of ~~\$650~~ \$800 shall be
3 allowed for taxable years beginning after December 31, ~~1973~~
4 1978, for the spouse of the taxpayer if a separate return is
5 made by the taxpayer and if the spouse is blind and, for the
6 calendar year in which the taxable year of the taxpayer
7 begins, has no gross income and is not the dependent of
8 another taxpayer. For the purposes of this subsection
9 (4)(b), the determination of whether the spouse is blind
10 shall be made as of the close of the taxable year of the
11 taxpayer, except that if the spouse dies during such taxable
12 year, such determination shall be made as of the time of
13 such death.

14 (c) For purposes of this subsection (4), an individual
15 is blind only if his central visual acuity does not exceed
16 20/200 in the better eye with correcting lenses or if his
17 visual acuity is greater than 20/200 but is accompanied by a
18 limitation in the fields of vision such that the widest
19 diameter of the visual field subtends an angle no greater
20 than 20 degrees.

21 (5) (a) An exemption of ~~\$650~~ \$800 shall be allowed for
22 taxable years beginning after December 31, ~~1973~~ 1978, for
23 each dependent:

24 (i) whose gross income for the calendar year in which
25 the taxable year of the taxpayer begins is less than \$650;

1 or

2 (ii) who is a child of the taxpayer and who:

3 (A) has not attained the age of 19 years at the close
4 of the calendar year in which the taxable year of the
5 taxpayer begins; or

6 (B) is a student.

7 (b) No exemption shall be allowed under this
8 subsection for any dependent who has made a joint return
9 with his spouse for the taxable year beginning in the
10 calendar year in which the taxable year of the taxpayer
11 begins.

12 (c) For purposes of subsection (5)(a)(ii), the term
13 "child" means an individual who is a son, stepson, daughter,
14 or stepdaughter of the taxpayer.

15 (d) For purposes of subsection (5)(a)(ii)(B), the term
16 "student" means an individual who, during each of 5 calendar
17 months during the calendar year in which the taxable year of
18 the taxpayer begins:

19 (i) is a full-time student at an educational
20 institution; or

21 (ii) is pursuing a full-time course of institutional
22 on-farm training under the supervision of an accredited
23 agent of an educational institution or of a state or
24 political subdivision of a state. For purposes of this
25 subsection (5)(d)(ii), the term "educational institution"

1 means only an educational institution which normally
2 maintains a regular faculty and curriculum and normally has
3 a regularly organized body of students in attendance at the
4 place where its educational activities are carried on.

5 (6) In the case of a nonresident taxpayer, the
6 exemption deduction shall be prorated according to the ratio
7 the taxpayer's Montana adjusted gross income bears to his
8 federal adjusted gross income."

9 Section 4. Section 15-30-142, MCA, is amended to read:

10 "15-30-142. Returns and payment of tax -- penalty and
11 interest -- refunds -- credits. (1) Every single individual
12 and every married individual not filing a joint return with
13 his or her spouse and having a gross income for the taxable
14 year of more than ~~\$720~~ \$880 and married individuals not
15 filing separate returns and having a combined gross income
16 for the taxable year of more than ~~\$1,445~~ \$1,760 shall be
17 liable for a return to be filed on such forms and according
18 to such rules as the department may prescribe. The gross
19 income amounts referred to in the preceding sentence shall
20 be increased by ~~\$650~~ \$800 for each additional personal
21 exemption allowance the taxpayer is entitled to claim for
22 himself and his spouse under 15-30-112(3) and (4). A
23 nonresident shall be required to file a return if his gross
24 income for the taxable year derived from sources within
25 Montana exceeds the amount of the exemption deduction he is

1 entitled to claim for himself and his spouse under the
2 provisions of 15-30-112(2), (3), and (4), as prorated
3 according to 15-30-112(6).

4 (2) In accordance with instructions set forth by the
5 department, every taxpayer who is married and living with
6 husband or wife and is required to file a return may, at his
7 or her option, file a joint return with husband or wife even
8 though one of the spouses has neither gross income nor
9 deductions. If a joint return is made, the tax shall be
10 computed on the aggregate taxable income and the liability
11 with respect to the tax shall be joint and several. If a
12 joint return has been filed for a taxable year, the spouses
13 may not file separate returns after the time for filing the
14 return of either has expired unless the department so
15 consents.

16 (3) If any such taxpayer is unable to make his own
17 return, the return shall be made by a duly authorized agent
18 or by a guardian or other person charged with the care of
19 the person or property of such taxpayer.

20 (4) All taxpayers, including but not limited to those
21 subject to the provisions of 15-30-202 and 15-30-241, shall
22 compute the amount of income tax payable and shall, at the
23 time of filing the return required by this chapter, pay to
24 the department any balance of income tax remaining unpaid
25 after crediting the amount withheld as provided by 15-30-202

1 and/or any payment made by reason of an estimated tax return
 2 provided for in 15-30-241; provided, however, the tax so
 3 computed is greater by \$1 than the amount withheld and/or
 4 paid by estimated return as provided in this chapter. If the
 5 amount of tax withheld and/or payment of estimated tax
 6 exceeds by more than \$1 the amount of income tax as
 7 computed, the taxpayer shall be entitled to a refund of the
 8 excess.

9 (5) As soon as practicable after the return is filed,
 10 the department shall examine and verify the tax.

11 (6) If the amount of tax as verified is greater than
 12 the amount theretofore paid, the excess shall be paid by the
 13 taxpayer to the department within 30 days after notice of
 14 the amount of the tax as computed, with interest added at
 15 the rate of 9% per annum or fraction thereof on the
 16 additional tax. In such case there shall be no penalty
 17 because of such understatement, provided the deficiency is
 18 paid within 30 days after the first notice of the amount is
 19 mailed to the taxpayer."

20 Section 5. Section 15-30-162, MCA, is amended to read:

21 "15-30-162. Investment credit. There is allowed as a
 22 credit against the taxes imposed by 15-30-103 and ~~15-30-164~~
 23 a percentage of the investment in certain depreciable
 24 property equal to one-fifth the percentage of investment in
 25 such property allowed under section 38 of the Internal

1 Revenue Code of 1954, as amended, or as section 38 may be
 2 renumbered or amended."

3 Section 6. Repealer. Section 15-30-104, MCA, is
 4 repealed.

5 Section 7. Effective date. This act is effective upon
 6 passage and approval and applies to taxable years beginning
 7 after December 31, 1978.

-End-

11/2/77

STATE OF MONTANA

REQUEST NO. 78-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 79, there is hereby submitted a Fiscal Note for House Bill 287 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This proposed bill revises the personal income tax structure by repealing the surtax, increasing exemptions, raising the minimum income requirements for filing returns, and revising tax brackets and rates and provides an effective date.

ASSUMPTIONS

- a) The percentage decrease in total tax liability for individual income tax which apparently would have occurred if the proposed law had been in effect throughout calendar year 1977 will apply equally to FY80 and FY81 under the proposed law.
- b) Under continuation of present law, individual income tax receipts will be \$154.268 M in FY80 and \$169.790 in FY81.

FISCAL IMPACT

	<u>FY 80</u>	<u>FY 81</u>
Individual Income Tax Collections		
under current law	\$154.268 M	\$169.790 M
under proposed law	<u>137.567 M</u>	<u>151.408 M</u>
Estimated Decrease	<u>(\$ 16.701 M)</u>	<u>(\$ 18.382 M)</u>

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>88.043 M</u>	<u>96.901 M</u>
Estimated Decrease	<u>(\$ 10.689 M)</u>	<u>(\$ 11.765 M)</u>

Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	<u>34.392 M</u>	<u>37.852 M</u>
Estimated Decrease	<u>(\$ 4.175 M)</u>	<u>(\$ 4.595 M)</u>

Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>15.132 M</u>	<u>16.655 M</u>
Estimated Decrease	<u>(\$ 1.837 M)</u>	<u>(\$ 2.022 M)</u>

*A portion of this account may be transferred to the general fund as long-range bond excess.

Richard L. Drury Jr.
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/26/79

CONTINUED ON PAGE 2

STATE OF MONTANA

REQUEST NO. 78-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 79, there is hereby submitted a Fiscal Note for House Bill 287 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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Page 2

Revenues to the indicated Earmarked Revenue Fund are used to support the Public School Foundation Program. Therefore, any reduction in income to that account may necessitate additional support from other sources.

LONG-RANGE EFFECTS

Individual income tax receipts would decrease by about 10.8% from what they would be without the proposed change.

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

STATE OF MONTANA

REQUEST NO. 78-79 Amended

FISCAL NOTE

Form BD-15

In compliance with a written request received April 2, 19 79, there is hereby submitted a Fiscal Note for Amended House Bill 287 (Third Reading Version) pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This proposed bill would revise the personal income tax structure by increasing exemptions and raising the minimum income requirements for filing returns.

ASSUMPTIONS

- a) The percentage decrease in total tax liability for individual income tax which apparently would have occurred if the proposed law had been in effect throughout calendar year 1977 will apply equally to FY 80 and FY 81 under the proposed law.
- b) Under continuation of present law, individual income tax receipts will be \$154.268 M in FY 80 and \$169.790 M in FY 81.

FISCAL IMPACT

	<u>FY80</u>	<u>FY81</u>
Individual Income Tax Collections		
under current law	\$154.268 M	\$169.790 M
under proposed law	<u>146.294 M</u>	<u>161.014 M</u>
Estimated Decrease	(\$ <u>7.974 M</u>)	(\$ <u>8.776 M</u>)

FUND INFORMATION

General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	<u>93.628 M</u>	<u>103.049 M</u>
Estimated Decrease	(\$ <u>5.104 M</u>)	(\$ <u>5.617 M</u>)
Earmarked Revenue Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	<u>36.574 M</u>	<u>40.253 M</u>
Estimated Decrease	(\$ <u>1.993 M</u>)	(\$ <u>2.194 M</u>)
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	<u>16.092 M</u>	<u>17.712 M</u>
Estimated Decrease	(\$ <u>0.877 M</u>)	(\$ <u>0.965 M</u>)

*A portion of this account may be transferred to the general fund as long-range bond excess.

Continued on Page 2

Richard L. Tracy
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 7/2/79

STATE OF MONTANA

REQUEST NO. 78-79 Amended

FISCAL NOTE

Form BD-15

In compliance with a written request received April 2, 19 79, there is hereby submitted a Fiscal Note for Amended House Bill 287 (Third Reading Version) pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Page 2

Revenues to the indicated Earmarked Revenue Fund are used to support the Public School Foundation Program. Therefore, any reduction in income to that account may necessitate additional support from other sources.

LONG-RANGE EFFECTS

Individual income tax receipts would decrease by about 5.2% from what they would be without the proposed change.

(Prepared by the Department of Revenue)

BUDGET DIRECTOR
Office of Budget and Program Planning
Date: _____

Approved by Committee
on Taxation

1 HOUSE BILL NO. 287
 2 INTRODUCED BY HUENNEKENS
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PERSONAL
 5 INCOME TAX STRUCTURE BY REPEALING THE SURTAX, INCREASING
 6 EXEMPTIONS, AND RAISING THE MINIMUM INCOME REQUIREMENTS FOR
 7 FILING RETURNS, AND REVISING TAX BRACKETS AND RATES;
 8 AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112, AND
 9 15-30-142, AND 15-30-162, REPEALING 15-30-104; AND PROVIDING
 10 AN EFFECTIVE DATE."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 12
 13 Section 15-30-103, MCA, is amended to read:
 14 "15-30-103. Rate of tax. There shall be levied,
 15 collected, and paid for each taxable year commencing on or
 16 after December 31, 1968, 1970, upon the taxable income of
 17 every taxpayer subject to this tax, after making allowance
 18 for exemptions and deductions as hereinafter provided, a tax
 19 at the following rates:
 20 (1) on the first \$1,000 of taxable income or any part
 21 thereof, 2%;
 22 (2) on the next \$1,000 of taxable income or any part
 23 thereof, 3%;
 24 (3) on the next \$2,000 of taxable income or any part
 25 thereof, 4%;

1 (4) on the next \$2,000 of taxable income or any part
 2 thereof, 5%;
 3 (5) on the next \$2,000 of taxable income or any part
 4 thereof, 6%;
 5 (6) on the next \$2,000 of taxable income or any part
 6 thereof, 7%;
 7 (7) on the next \$4,000 \$3,000 of taxable income or any
 8 part thereof, 8%;
 9 (8) on the next \$6,000 \$5,000 of taxable income or any
 10 part thereof, 9%;
 11 (9) on the next \$5,000 of taxable income or any part
 12 thereof, 10%;
 13 (10) on the next \$6,000 of taxable income or any part
 14 thereof, 11%;
 15 (11) on the next \$7,000 of taxable income or any part
 16 thereof, 12%;
 17 (12) on the next \$8,000 of taxable income or any part
 18 thereof, 13%;
 19 (13) on the next \$15,000 of taxable income or any part
 20 thereof, 14%;
 21 (14) on the next \$15,000 \$20,000 of taxable income
 22 or any part thereof, 15%, 15%, and
 23 (15) 15% on any taxable income in excess of \$35,000
 24 \$30,000 or any part thereof, 15%, 16%."
 25 Section 25-30-105, MCA, is amended to read:

1 ~~"15-30-105. Tax on nonresident-----alternative tax~~
 2 ~~based on gross sales. (1) A like tax is imposed upon every~~
 3 ~~person not resident of this state which tax shall be~~
 4 ~~levied, collected, and paid annually at the rates specified~~
 5 ~~in 15-30-103 with respect to his entire net income as herein~~
 6 ~~defined from all property owned and from every business~~
 7 ~~trade, profession, or occupation carried on in this state.~~
 8 ~~(2) Pursuant to the provisions of Article III, section~~
 9 ~~27 of the Multistate Tax Compact, every nonresident taxpayer~~
 10 ~~required to file a return and whose only activity in Montana~~
 11 ~~consists of making sales and who does not own or rent real~~
 12 ~~estate or tangible personal property within Montana and~~
 13 ~~whose annual gross volume of sales made in Montana during~~
 14 ~~the taxable year does not exceed \$100,000 may elect to pay~~
 15 ~~an income tax of 1/2 of 1% of the dollar volume of gross~~
 16 ~~sales made in Montana during the taxable year. Such tax~~
 17 ~~shall be in lieu of the taxes imposed under 15-30-103 and~~
 18 ~~15-30-104. The gross volume of sales made in Montana during~~
 19 ~~the taxable year shall be determined according to the~~
 20 ~~provisions of Article IV, sections 16 and 17 of the~~
 21 ~~Multistate Tax Compact."~~

22 Section 1. Section 15-30-112, MCA, is amended to read:
 23 "15-30-112. Exemptions. (1) In the case of an
 24 individual, the exemptions provided by this section shall be
 25 allowed as deductions in computing taxable income.

1 (2) (a) An exemption of \$650 ~~1000~~ shall be allowed for
 2 taxable years beginning after December 31, 1973 ~~1978~~, for
 3 the taxpayer.

4 (b) An additional exemption of \$650 ~~1000~~ shall be
 5 allowed for taxable years beginning after December 31, 1973
 6 ~~1978~~, for the spouse of the taxpayer if a separate return is
 7 made by the taxpayer and if the spouse, for the calendar
 8 year in which the taxable year of the taxpayer begins, has
 9 no gross income and is not the dependent of another
 10 taxpayer.

11 (3) (a) An additional exemption of \$650 ~~1000~~ shall be
 12 allowed for taxable years beginning after December 31, 1973
 13 ~~1978~~, for the taxpayer if he has attained the age of 65
 14 before the close of his taxable year.

15 (b) An additional exemption of \$650 ~~1000~~ shall be
 16 allowed for taxable years beginning after December 31, 1973
 17 ~~1978~~, for the spouse of the taxpayer if a separate return is
 18 made by the taxpayer and if the spouse has attained the age
 19 of 65 before the close of such taxable year and, for the
 20 calendar year in which the taxable year of the taxpayer
 21 begins, has no gross income and is not the dependent of
 22 another taxpayer.

23 (4) (a) An additional exemption of \$650 ~~1000~~ shall be
 24 allowed for taxable years beginning after December 31, 1973
 25 ~~1978~~, for the taxpayer if he is blind at the close of his

1 taxable year.

2 (b) An additional exemption of \$650 ~~\$800~~ shall be
 3 allowed for taxable years beginning after December 31, 1973
 4 1978, for the spouse of the taxpayer if a separate return is
 5 made by the taxpayer and if the spouse is blind and, for the
 6 calendar year in which the taxable year of the taxpayer
 7 begins, has no gross income and is not the dependent of
 8 another taxpayer. For the purposes of this subsection
 9 (4)(b), the determination of whether the spouse is blind
 10 shall be made as of the close of the taxable year of the
 11 taxpayer, except that if the spouse dies during such taxable
 12 year, such determination shall be made as of the time of
 13 such death.

14 (c) For purposes of this subsection (4), an individual
 15 is blind only if his central visual acuity does not exceed
 16 20/200 in the better eye with correcting lenses or if his
 17 visual acuity is greater than 20/200 but is accompanied by a
 18 limitation in the fields of vision such that the widest
 19 diameter of the visual field subtends an angle no greater
 20 than 20 degrees.

21 (5) (a) An exemption of \$650 ~~\$800~~ shall be allowed for
 22 taxable years beginning after December 31, 1973 1978, for
 23 each dependent:

24 (i) whose gross income for the calendar year in which
 25 the taxable year of the taxpayer begins is less than \$650

1 ~~\$800~~; or

2 (ii) who is a child of the taxpayer and who:

3 (A) has not attained the age of 19 years at the close
 4 of the calendar year in which the taxable year of the
 5 taxpayer begins; or

6 (B) is a student.

7 (b) No exemption shall be allowed under this
 8 subsection for any dependent who has made a joint return
 9 with his spouse for the taxable year beginning in the
 10 calendar year in which the taxable year of the taxpayer
 11 begins.

12 (c) For purposes of subsection (5)(a)(ii), the term
 13 "child" means an individual who is a son, stepson, daughter,
 14 or stepdaughter of the taxpayer.

15 (d) For purposes of subsection (5)(a)(ii)(B), the term
 16 "student" means an individual who, during each of 5 calendar
 17 months during the calendar year in which the taxable year of
 18 the taxpayer begins:

19 (i) is a full-time student at an educational
 20 institution; or

21 (ii) is pursuing a full-time course of institutional
 22 on-farm training under the supervision of an accredited
 23 agent of an educational institution or of a state or
 24 political subdivision of a state. For purposes of this
 25 subsection (5)(d)(ii), the term "educational institution"

1 means only an educational institution which normally
2 maintains a regular faculty and curriculum and normally has
3 a regularly organized body of students in attendance at the
4 place where its educational activities are carried on.

5 (6) In the case of a nonresident taxpayer, the
6 exemption deduction shall be prorated according to the ratio
7 the taxpayer's Montana adjusted gross income bears to his
8 federal adjusted gross income."

9 Section 2. Section 15-30-142, MCA, is amended to read:

10 "15-30-142. Returns and payment of tax -- penalty and
11 interest -- refunds -- credits. (1) Every single individual
12 and every married individual not filing a joint return with
13 his or her spouse and having a gross income for the taxable
14 year of more than \$720 ~~\$800~~ ~~\$940~~ and married individuals not
15 filing separate returns and having a combined gross income
16 for the taxable year of more than \$1,445 ~~\$1,760~~ ~~\$1,880~~ shall
17 be liable for a return to be filed on such forms and
18 according to such rules as the department may prescribe. The
19 gross income amounts referred to in the preceding sentence
20 shall be increased by \$650 ~~\$800~~ for each additional personal
21 exemption allowance the taxpayer is entitled to claim for
22 himself and his spouse under 15-30-112(3) and (4). A
23 nonresident shall be required to file a return if his gross
24 income for the taxable year derived from sources within
25 Montana exceeds the amount of the exemption deduction he is

1 entitled to claim for himself and his spouse under the
2 provisions of 15-30-112(2), (3), and (4), as prorated
3 according to 15-30-112(6).

4 (2) In accordance with instructions set forth by the
5 department, every taxpayer who is married and living with
6 husband or wife and is required to file a return may, at his
7 or her option, file a joint return with husband or wife even
8 though one of the spouses has neither gross income nor
9 deductions. If a joint return is made, the tax shall be
10 computed on the aggregate taxable income and the liability
11 with respect to the tax shall be joint and several. If a
12 joint return has been filed for a taxable year, the spouses
13 may not file separate returns after the time for filing the
14 return of either has expired unless the department so
15 consents.

16 (3) If any such taxpayer is unable to make his own
17 return, the return shall be made by a duly authorized agent
18 or by a guardian or other person charged with the care of
19 the person or property of such taxpayer.

20 (4) All taxpayers, including but not limited to those
21 subject to the provisions of 15-30-202 and 15-30-241, shall
22 compute the amount of income tax payable and shall, at the
23 time of filing the return required by this chapter, pay to
24 the department any balance of income tax remaining unpaid
25 after crediting the amount withheld as provided by 15-30-202

1 and/or any payment made by reason of an estimated tax return
 2 provided for in 15-30-241; provided, however, the tax so
 3 computed is greater by \$1 than the amount withheld and/or
 4 paid by estimated return as provided in this chapter. If the
 5 amount of tax withheld and/or payment of estimated tax
 6 exceeds by more than \$1 the amount of income tax as
 7 computed, the taxpayer shall be entitled to a refund of the
 8 excess.

9 (5) As soon as practicable after the return is filed,
 10 the department shall examine and verify the tax.

11 (6) If the amount of tax as verified is greater than
 12 the amount theretofore paid, the excess shall be paid by the
 13 taxpayer to the department within 30 days after notice of
 14 the amount of the tax as computed, with interest added at
 15 the rate of 9% per annum or fraction thereof on the
 16 additional tax. In such case there shall be no penalty
 17 because of such understatement, provided the deficiency is
 18 paid within 30 days after the first notice of the amount is
 19 mailed to the taxpayer."

20 ~~Section 5--Section 15-30-162--MEAs--is amended to read:~~
 21 ~~"15-30-162--Investment-credits--There-is-allowed-as-a~~
 22 ~~credit--against-the-taxes-imposed-by-15-30-103-and-15-30-104~~
 23 ~~a--percentage--of--the--investment--in--certain--depreciable~~
 24 ~~property--equal-to-one-fifth-the-percentage-of-investment-in~~
 25 ~~such-property-allowed--under--section--38--of--the--Internat~~

1 ~~Revenue--Code--of--1954--as-amended--or--as-section-38--may-be~~
 2 ~~renumbered--or--amended."~~
 3 ~~Section 6--Repeater--Section--15-30-104--MEAs--is~~
 4 ~~repeated.~~
 5 Section 3. Effective date. This act is effective upon
 6 passage and approval and applies to taxable years beginning
 7 after December 31, 1978.

-End-

HOUSE BILL NO. 287

INTRODUCED BY HUENNEKENS

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PERSONAL INCOME TAX STRUCTURE BY REPEALING THE SURTAX, INCREASING EXEMPTIONS, AND RAISING THE MINIMUM INCOME REQUIREMENTS FOR FILING RETURNS, AND REVISING TAX BRACKETS AND RATES; AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112, AND 15-30-142, AND 15-30-162, REPEALING 15-30-104; AND PROVIDING AN EFFECTIVE DATE."

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

Section 15-30-103 MCA is amended to read:

"15-30-103. Rate of tax. There shall be levied, collected, and paid for each taxable year commencing on or after December 31, 1968, upon the taxable income of every taxpayer subject to this tax, after making allowance for exemptions and deductions as hereinafter provided, a tax at the following rates:

- (1) on the first \$1,000 of taxable income or any part thereof, 2%;
(2) on the next \$1,000 of taxable income or any part thereof, 3%;
(3) on the next \$2,000 of taxable income or any part thereof, 4%;

- (4) on the next \$2,000 of taxable income or any part thereof, 5%;
(5) on the next \$2,000 of taxable income or any part thereof, 6%;
(6) on the next \$2,000 of taxable income or any part thereof, 7%;
(7) on the next \$4,000 of taxable income or any part thereof, 8%;
(8) on the next \$6,000 of taxable income or any part thereof, 9%;
(9) on the next \$5,000 of taxable income or any part thereof, 10%;
(10) on the next \$6,000 of taxable income or any part thereof, 11%;
(11) on the next \$7,000 of taxable income or any part thereof, 12%;
(12) on the next \$10,000 of taxable income or any part thereof, 13%;
(13) on the next \$15,000 of taxable income or any part thereof, 14%;
(14) on the next \$15,000 of taxable income or any part thereof, 15%;
(15) on any taxable income in excess of \$35,000 or any part thereof, 16%.

Section 25- Section 15-30-105 MCA is amended to read:

[REDACTED] BILL

1 ~~"15-30-105. Tax on nonresident alternative tax~~
 2 ~~based on gross sales. (1) A like tax is imposed upon every~~
 3 ~~person not resident of this state, which tax shall be~~
 4 ~~levied, collected, and paid annually at the rates specified~~
 5 ~~in 15-30-103 with respect to his entire net income as herein~~
 6 ~~defined from all property owned and from every business,~~
 7 ~~trade, profession, or occupation carried on in this state.~~
 8 ~~(2) Pursuant to the provisions of Article III, section~~
 9 ~~2, of the Multistate Tax Compact, every nonresident taxpayer~~
 10 ~~required to file a return and whose only activity in Montana~~
 11 ~~consists of making sales and who does not own or rent real~~
 12 ~~estate or tangible personal property within Montana and~~
 13 ~~whose annual gross volume of sales made in Montana during~~
 14 ~~the taxable year does not exceed \$100,000 may elect to pay~~
 15 ~~an income tax of 1/2 of 1% of the dollar volume of gross~~
 16 ~~sales made in Montana during the taxable year. Such tax~~
 17 ~~shall be in lieu of the taxes imposed under 15-30-103 and~~
 18 ~~15-30-104. The gross volume of sales made in Montana during~~
 19 ~~the taxable year shall be determined according to the~~
 20 ~~provisions of Article IV, sections 16 and 17, of the~~
 21 ~~Multistate Tax Compact."~~

22 Section 1. Section 15-30-112, MCA, is amended to read:

23 "15-30-112. Exemptions. (1) In the case of an
 24 individual, the exemptions provided by this section shall be
 25 allowed as deductions in computing taxable income.

1 (2) (a) An exemption of \$650 ~~1000~~ shall be allowed for
 2 taxable years beginning after December 31, ~~1973~~ 1978, for
 3 the taxpayer.

4 (b) An additional exemption of \$650 ~~1000~~ shall be
 5 allowed for taxable years beginning after December 31, ~~1973~~
 6 1978, for the spouse of the taxpayer if a separate return is
 7 made by the taxpayer and if the spouse, for the calendar
 8 year in which the taxable year of the taxpayer begins, has
 9 no gross income and is not the dependent of another
 10 taxpayer.

11 (3) (a) An additional exemption of \$650 ~~1000~~ shall be
 12 allowed for taxable years beginning after December 31, ~~1973~~
 13 1978, for the taxpayer if he has attained the age of 65
 14 before the close of his taxable year.

15 (b) An additional exemption of \$650 ~~1000~~ shall be
 16 allowed for taxable years beginning after December 31, ~~1973~~
 17 1978, for the spouse of the taxpayer if a separate return is
 18 made by the taxpayer and if the spouse has attained the age
 19 of 65 before the close of such taxable year and, for the
 20 calendar year in which the taxable year of the taxpayer
 21 begins, has no gross income and is not the dependent of
 22 another taxpayer.

23 (4) (a) An additional exemption of \$650 ~~1000~~ shall be
 24 allowed for taxable years beginning after December 31, ~~1973~~
 25 1978, for the taxpayer if he is blind at the close of his

1 taxable year.

2 (b) An additional exemption of \$650 ~~\$800~~ shall be
 3 allowed for taxable years beginning after December 31, 1973
 4 1978, for the spouse of the taxpayer if a separate return is
 5 made by the taxpayer and if the spouse is blind and, for the
 6 calendar year in which the taxable year of the taxpayer
 7 begins, has no gross income and is not the dependent of
 8 another taxpayer. For the purposes of this subsection
 9 (4)(b), the determination of whether the spouse is blind
 10 shall be made as of the close of the taxable year of the
 11 taxpayer, except that if the spouse dies during such taxable
 12 year, such determination shall be made as of the time of
 13 such death.

14 (c) For purposes of this subsection (4), an individual
 15 is blind only if his central visual acuity does not exceed
 16 20/200 in the better eye with correcting lenses or if his
 17 visual acuity is greater than 20/200 but is accompanied by a
 18 limitation in the fields of vision such that the widest
 19 diameter of the visual field subtends an angle no greater
 20 than 20 degrees.

21 (5) (a) An exemption of \$650 ~~\$800~~ shall be allowed for
 22 taxable years beginning after December 31, 1973 1978, for
 23 each dependent:

24 (i) whose gross income for the calendar year in which
 25 the taxable year of the taxpayer begins is less than \$650

1 ~~\$800~~; or

2 (ii) who is a child of the taxpayer and who:

3 (A) has not attained the age of 19 years at the close
 4 of the calendar year in which the taxable year of the
 5 taxpayer begins; or

6 (B) is a student.

7 (b) No exemption shall be allowed under this
 8 subsection for any dependent who has made a joint return
 9 with his spouse for the taxable year beginning in the
 10 calendar year in which the taxable year of the taxpayer
 11 begins.

12 (c) For purposes of subsection (5)(a)(ii), the term
 13 "child" means an individual who is a son, stepson, daughter,
 14 or stepdaughter of the taxpayer.

15 (d) For purposes of subsection (5)(a)(ii)(B), the term
 16 "student" means an individual who, during each of 5 calendar
 17 months during the calendar year in which the taxable year of
 18 the taxpayer begins:

19 (i) is a full-time student at an educational
 20 institution; or

21 (ii) is pursuing a full-time course of institutional
 22 on-farm training under the supervision of an accredited
 23 agent of an educational institution or of a state or
 24 political subdivision of a state. For purposes of this
 25 subsection (5)(d)(ii), the term "educational institution"

1 means only an educational institution which normally
 2 maintains a regular faculty and curriculum and normally has
 3 a regularly organized body of students in attendance at the
 4 place where its educational activities are carried on.

5 (6) In the case of a nonresident taxpayer, the
 6 exemption deduction shall be prorated according to the ratio
 7 the taxpayer's Montana adjusted gross income bears to his
 8 federal adjusted gross income."

9 Section 2. Section 15-30-142, MCA, is amended to read:

10 "15-30-142. Returns and payment of tax -- penalty and
 11 interest -- refunds -- credits. (1) Every single individual
 12 and every married individual not filing a joint return with
 13 his or her spouse and having a gross income for the taxable
 14 year of more than \$720 ~~1000~~ ~~1240~~ and married individuals not
 15 filing separate returns and having a combined gross income
 16 for the taxable year of more than \$1445 ~~11760~~ ~~11,880~~ shall
 17 be liable for a return to be filed on such forms and
 18 according to such rules as the department may prescribe. The
 19 gross income amounts referred to in the preceding sentence
 20 shall be increased by \$650 ~~1800~~ for each additional personal
 21 exemption allowance the taxpayer is entitled to claim for
 22 himself and his spouse under 15-30-112(3) and (4). A
 23 nonresident shall be required to file a return if his gross
 24 income for the taxable year derived from sources within
 25 Montana exceeds the amount of the exemption deduction he is

1 entitled to claim for himself and his spouse under the
 2 provisions of 15-30-112(2), (3), and (4), as prorated
 3 according to 15-30-112(6).

4 (2) In accordance with instructions set forth by the
 5 department, every taxpayer who is married and living with
 6 husband or wife and is required to file a return may, at his
 7 or her option, file a joint return with husband or wife even
 8 though one of the spouses has neither gross income nor
 9 deductions. If a joint return is made, the tax shall be
 10 computed on the aggregate taxable income and the liability
 11 with respect to the tax shall be joint and several. If a
 12 joint return has been filed for a taxable year, the spouses
 13 may not file separate returns after the time for filing the
 14 return of either has expired unless the department so
 15 consents.

16 (3) If any such taxpayer is unable to make his own
 17 return, the return shall be made by a duly authorized agent
 18 or by a guardian or other person charged with the care of
 19 the person or property of such taxpayer.

20 (4) All taxpayers, including but not limited to those
 21 subject to the provisions of 15-30-202 and 15-30-241, shall
 22 compute the amount of income tax payable and shall, at the
 23 time of filing the return required by this chapter, pay to
 24 the department any balance of income tax remaining unpaid
 25 after crediting the amount withheld as provided by 15-30-202

1 and/or any payment made by reason of an estimated tax return
 2 provided for in 15-30-241; provided, however, the tax so
 3 computed is greater by \$1 than the amount withheld and/or
 4 paid by estimated return as provided in this chapter. If the
 5 amount of tax withheld and/or payment of estimated tax
 6 exceeds by more than \$1 the amount of income tax as
 7 computed, the taxpayer shall be entitled to a refund of the
 8 excess.

9 (5) As soon as practicable after the return is filed,
 10 the department shall examine and verify the tax.

11 (6) If the amount of tax as verified is greater than
 12 the amount theretofore paid, the excess shall be paid by the
 13 taxpayer to the department within 30 days after notice of
 14 the amount of the tax as computed, with interest added at
 15 the rate of 9% per annum or fraction thereof on the
 16 additional tax. In such case there shall be no penalty
 17 because of such understatement, provided the deficiency is
 18 paid within 30 days after the first notice of the amount is
 19 mailed to the taxpayer.*

20 ~~Section 5--Section 15-30-162--MEAs--is amended to read*~~
 21 ~~"15-30-162--investment-credit--there-is-allowed-as--a~~
 22 ~~credit--against-the-taxes-imposed-by-15-30-103-and-15-30-104~~
 23 ~~o--percentage--of--the--investment--in--certain--depreciable~~
 24 ~~property--equal-to-one-fifth-the-percentage-of-investment-in~~
 25 ~~such-property-allowed-under-section-36--of--the--Internal~~

1 ~~Revenue--Code--of--1954--as-amended--or--as-section-36--may-be~~
 2 ~~renumbered--or--amended*~~
 3 ~~Section 6--Repealed--Section--15-30-104--MEAs--is~~
 4 ~~repealed*~~
 5 Section 3. Effective date. This act is effective upon
 6 passage and approval and applies to taxable years beginning
 7 after December 31, 1978.

-End-