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 SENA	TE

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

1	INTRODUCED BY Humaline
2	INTRODUCED BY Flychroleens
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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."
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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 1975: 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 par
2	thereof, 5%;
3	(5) on the next \$2,000 of taxable income or any par
4	thereof, 6%;
5	(6) on the next \$2,000 of taxable income or any par
6	thereof, 7%;
7	(7) on the next \$4\square\$68 \$3\square\$000 of taxable income or an
8	part thereof. 82;
9	(8) on the next #6v800 \$4:000 of taxable income or any
10	part thereof. 9%;
11	191 on the next \$5,000 of taxable income or any par
12	thereof. 10%:
13	(10) on the next 16,000 of taxable income or any part
14	thereof. 113:
15	111) on the next \$7.000 of taxable income or any part
16	thereof. 12%:
17	112) on the next \$10.000 of taxable income or any part
18	thereof. 132:
19	(13) on the next \$15,000 of taxable income or any part
20	thereof. 14%:
21	$\{9\}$ (14) on the next \$15 $\sqrt{800}$ \$20 $\sqrt{000}$ of taxable income
22	or any part thereof, 10% 15%; and
23	(18) (15) on any taxable income in excess of 135√88 (
24	\$80:000 or any part thereof: 11% 16%."

Section 2. Section 15-30-105. MCA. is amended to read:

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

- (2) Pursuant to the provisions of Article III. section 2, of the Multistate Tax Compact, every nonresident taxpayer required to file a return and whose only activity in Montana consists of making sales and who does not own or rent real estate or tangible personal property within Sontana and whose annual gross volume of sales made in Montana during the taxable year does not exceed \$100,000 may elect to pay an income tax of 1/2 of 1% of the dollar volume of gross sales made in Montana during the taxable year. Such tax shall be in lieu of the taxes imposed under 15-30-103 and 15-30-104. The gross volume of sales made in Montana during the taxable year shall be determined according to the provisions of Article IV, sections 16 and 17, of the Multistate Tax Compact."
- Section 3. Section 15-30-112, MCA, is amended to read:
 #15-30-112. Exemptions. (1) In the case of an individual, the exemptions provided by this section shall be allowed as deductions in computing taxable income.

- (2) (a) An exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, ±973 1978, for the taxpayer.
- (b) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, 1973 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (3) (a) An additional exemption of \$660 \$800 shall be allowed for taxable years beginning after December 31, 1973 1978, for the taxpayer if he has attained the age of 65 before the close of his taxable year.
- (b) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, 1973 1978, for the spouse of the taxpayer if a separate return i made by the taxpayer and if the spouse has attained the age of 65 before the close of such taxable year and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (4) (a) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, 1973

taxable year•

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- (b) An additional exemption of \$650 1800 shall be allowed for taxable years beginning after December 31, 1973 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind shall be made as of the close of the taxable year of the taxpayer, except that if the spouse dies during such taxable year, such determination shall be made as of the time of such death.
- (c) For purposes of this subsection (4), an individual is blind only if his central visual aculty does not exceed 20/200 in the better eye with correcting lenses or if his visual aculty is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
- (5) (a) An exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, \$973 1978, for each dependent:
- (i) whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than \$650;

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- (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
 - (B) is a student-
 - (b) No exemption shall be allowed under this subsection for any dependent who has made a joint return with his spouse for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.
 - {c} For purposes of subsection (5)(a)(ii), the term
 "child" means an individual who is a son, stepson, daughter,
 or stapdaughter of the taxpayer.
 - (d) For purposes of subsection {5}(a){ii}(B)* the term "student" means an individual whoe during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins:
- 19 (1) 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"

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

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

Section 4. Section 15-30-142. MCA. is amended to read: *15-30-142. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) Every single individual and every married individual not filing a joint return with his or her spouse and having a gross income for the taxable year of more than \$728 \$880 and married individuals not filing separate returns and having a combined gross income for the taxable year of more than \$1.760 shall be liable for a return to be filed on such forms and according to such rules as the department may prescribe. The gross income amounts referred to in the preceding sentence shall be increased by \$650 \$800 for each additional personal exemption allowance the taxpayer is entitled to claim for himself and his spouse under 15-30-112(3) and (4). A nonresident shall be required to file a return if his gross income for the taxable year derived from sources within Montana exceeds the amount of the exemption deduction he is

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

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

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

(4) All taxpayers, including but not limited to those subject to the provisions of 15-30-202 and 15-30-241, shall compute the amount of income tax payable and shall, at the time of filing the return required by this chapter, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld as provided by 15-3^-702

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

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- (5) As soon as practicable after the return is filed, the department shall examine and verify the tax.
- (6) If the amount of tax as verified is greater than the amount theretofore paid, the excess shall be paid by the taxpayer to the department within 30 days after notice of the amount of the tax as computed, with interest added at the rate of 9% per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such understatement, provided the deficiency is paid within 30 days after the first notice of the amount is mailed to the taxpayer.
- Section 5. Section 15-30-162. MCA. is amended to read:

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

- i 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.
- 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-

FISCAL NOTE

Form BD-15

In compliance with a written request received. January 22 , 19 79 , there is hereby submitted a Fiscal Not
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 member
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

FISCAL IMPACT

- 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.

TEOUTH THE TOTAL	FY 80	FY 81	
Individual Income Tax Collections	FI OU	ri Gi	17 m
under current law	\$154.268 M	\$169.790 M	
under proposed law	137.567 M	151.408 M	
Estimated Decrease	(\$ 16.701 M)	(\$ 18.382 M)	
FUND INFORMATION			
and the first of the second se			
General Fund			
under current law	\$ 98.732 M	\$108.666 M	
under proposed law	88.043 M	96.901 M	
Estimated Decrease	(\$ 10.689 M)	(\$ 11.765 M)	
Earmarked Revenue Fund			
under current law	\$ 38.567 M	\$ 42.447 M	
under proposed law	34.392 M	37.852 M	
Estimated Decrease	(4.175 M)	(\$ 4.595 M)	
Sinking Fund*	A 16 060 H	0 10 (77 W	
under current law	\$ 16.969 M	\$ 18.677 M	
under proposed law	15.132 M	16.655 M	
Estimated Decrease	(\$ 1.837 M)	(\$ 2.022 M)	and of trum in
*A portion of this account may be	transferred to	the general	
		DUDCET DI	DECTOD // V

*A portion of this account may be transferr fund as long-range bond excess.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/24/79

CONTINUED ON PAGE 2

STATE OF MONTANA

REQUEST NO.	78-79
REUVEST NU.	

FISCAL NOTE	•
	Form BD-15
In compliance with a written request received <u>January 22</u> , 19 79 for <u>House Bill 287</u> pursuant to Chapter 53, Laws of Montana,	, there is hereby submitted a Fiscal Note
Background information used in developing this Fiscal Note is available from the Office of the Legislature upon request.	
Page 2	
Revenues to the indicated Earmarked Revenue Fund are used Foundation Program. Therefore, any reduction in income to additional support from other sources.	
LONG-RANGE EFFECTS	•
Individual income tax receipts would decrease by about 10. without the proposed change.	8% from what they would be
€.	
•	
	BUDGET DIRECTOR Office of Budget and Program Planning

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>April 2</u>, 19 79, there is hereby submitted a Fiscal Note for <u>Amended House Bill 287</u> (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 occured 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.

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Individual Income Tax Collections	<u>FY80</u>	<u>FY81</u>
under current law	\$154.268 M	\$169.790 M
under proposed law	146.294 M	161.014 M
Estimated Decrease	***	
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	93.628 M	103.049 M
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	36.574 M	40.253 M
Estimated Decrease	(\$ 1.993 M)	(\$ <u>2.194 M</u>)
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	16.092 M	<u>17.712 M</u>
Estimated Decrease	(\$ 0.877 M)	(\$ <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

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/3/79

STATE OF MONTANA

REQUEST NO. 78-79 Amended

FISCAL NOTE

Form BD-15

in for	compliance Amended	with Hou	a written se Bill	request 287	received (Third pursua	April Readin	2 ng V apter	ersion)	, 19 of Mont	79 ana, 196	there i	s hereby ty-Ninth	submitted	d a Fisca e Assembl	l Note y.
Ва	ckground inf	ormat	ion used ir	ı develop	oing this F	iscal Not	e is av	vailable fre	m the	Office of	Budget	and Pro	gram Plann	iing, to m	embers
of	the Legislatu	ire up	on reques	t.											

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:

Date:	
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46th Legislature HB 0287/02

Approved by Committee on <u>Texation</u>

1	HOUSE BILL NO. 287	
2	INTRODUCED BY HUENNEKENS	
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4	A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PERSONAL	
5	INCOME TAX STRUCTURE BY REPEALING-THE-5URTAX+ INCREASING	
6	EXEMPTIONS AND RAISING THE HINIMUM INCOME REQUIREMENTS FOR	
7	FILING RETURNS ANDREVISING TAXBRACKETSANDRATES;	
8	AMENDING SECTIONS 15-38-18315-38-185- 15-30-112- AMD	
9	15-30-142-ANB-15-38-1621-REPEALING-15-38-184; AND PROVIDING	
0	AN EFFECTIVE DATE."	
1		
.2	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	
.3	Section-lwSection-15-30-103y-MEAy-is-amended-to-reads	
4	#15-30-103+Rateoftax+Thereshallbelevied+	
15	collected-end-paid-for-each-taxable-year-commencing-conor	
16	ofterBecember3iv1968 1978v-upon-the-taxable-income-of	
17	every-texpayer-subject-to-this-texy-aftermakingellowence	
18	for-exemptions-and-deductions-as-hereinafter-providedy-a-tax	
9	ot-the-following-rates+	
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22	(2)on-the-next-\$1+888-of-texable-income-orenypart	
23	thereofy-3%;	
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25	thereofy-4%;	

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6	thereofy-7%;
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8	part-thereofy-8%;
9	(8)on-the-next-\$6+898 <u>\$4+889</u> of-taxable-income-or-any
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21	f9) <u>fliti-on-the-next-fl5v888 <u>#28x888</u> oftaxableincome</u>
22	or-any-part-thereofy-10% 15%1-and
23	t18;1151-onanytaxableincomein-excess-of-\$35,888
24 '	1881288 or-any-part-thereofy-11% 16%+*

-2- HB 287 SECOND READING

Section-2---Section-15-30-105--MEA--is-omended-to-read+

HB 0287/02

#15-38-185*Faxonnonresidentalternativetax
basedon-gross-salesw(1)-A-like-tax-is-imposed-upon-every
person-not-residentofthisstatevwhichtaxshallbe
teviedcollected-and-paid-annually-at-the-rates-specified
in-15-38-183-with-respect-to-his-entire-net-income-as-herein
defined-from-sil-property-ownedendfromeverybusinessy
tradevprofessionvor-occupation-carried-on-in-this-statev
{2}Pursuant-to-the-provisions-of-Article-Ifiv-section
2of-the-Multistate-Fox-Compactevery-nonresident-texpayer
required-to-file-a-return-end-whose-only-activity-in-Montana
consists-of-making-sales-and-who-ddes-not-own-orrentreal
estateortangiblepersonalpropertywithin-Montana-and
whose-annual-gross-volume-of-sales-madeinMontanoduring
thetoxobleyear-does-not-exceed-\$100v000-may-elect-to-pay
an-income-tax-of-ly2-of-l%-of-thedollarvolumeofgross
salesmadeinKentoneduringthe-texable-year*-Such-tex
shall-be-in-lieu-of-the-toxes-imposedunder15-30-103ond
15-38-184The-gross-volume-of-sales-made-in-Montana-during

Multistate-Fax-Compactum

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

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the-toxoble--year--shall--be--determined--according--to--the

provisions--of--Article--iV--sections--16--and--17---of-the

1 (2) (a) An exemption of \$650 \$800 shall be allowed for 2 taxable years beginning after December 31, ±973 1978, for 3 the taxpayer.

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

(3) (a) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31. ±973 1978. for the taxpayer if he has attained the age of 65 before the close of his taxable year.

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

(4) (a) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, ±973 1978, for the taxpayer if he is blind at the close of his

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taxable year.

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- (b) An additional exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31. \$973 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind shall be made as of the close of the taxable year of the taxpayer, except that if the spouse dies during such taxable year, such determination shall be made as of the time of such death.
- (c) For purposes of this subsection (4), an individual is blind only if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
- (5) (a) An exemption of \$650 \$800 shall be allowed for taxable years beginning after December 31, ±973 1278, for each dependent:
- (i) whose gross income for the calendar year in which
 the taxable year of the taxpayer begins is less than \$658

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\$800; or

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- 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
- (B) is a student.
- (b) No exemption shall be allowed under this subsection for any dependent who has made a joint return with his spouse for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.
 - (c) For purposes of subsection (5)(a)(ii), the term "child" means an individual who is a son, stepson, daughter, 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
 - (ii) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a state or political subdivision of a state. For purposes of this subsection (5)(d)(ii), the term "educational institution"

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

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

Section 2. Section 15-30-142, MCA, is amended to read: *15-30-142. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) Every single individual and every married individual not filing a joint return with his or her spouse and having a gross income for the taxable year of more than \$728 \$889 \$940 and married individuals not filing separate returns and having a combined gross income for the taxable year of more than \$1,445 \$1,760 \$1,880 shall be liable for a return to be filed on such forms and according to such rules as the department may prescribe. The gross income amounts referred to in the preceding sentence shall be increased by \$650 \$800 for each additional personal exemption allowance the taxpayer is entitled to claim for himself and his spouse under 15-30-112(3) and (4). A nonresident shall be required to file a return if his gross income for the taxable year derived from sources within Montana exceeds the amount of the exemption deduction he is

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

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

- (3) If any such taxpayer is unable to make his own return, the return shall be made by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.
- (4) All taxpayers, including but not limited to those subject to the provisions of 15-30-202 and 15-30-241, shall compute the amount of income tax payable and shall, at the time of filing the return required by this chapter, pay to the department any balance of income tax remaining unpaid after crediting the amount withheld as provided by 15-30-202

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

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

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

Section-5w--Section-15-30-162v-MEAv-is-amended-to-read+
#15-30-162v--Investment-creditw--There-is-allowed-os--a
credit--against-the-taxes-imposed-by-15-30-183-and-15-30-184
a--percentage--of--the--investment--in--certain--depreciable
property--equal-to-one-fifth-the-percentage-of-investment-in
such-property-allowed--under--section--38--of--the--Internal

Revenue--Eode--of--1954v-os-amendedv-or-ss-section-30-may-be
renumbered-or-amendedv^m

Section-6v--Repealerv---Section--15-30-104v---MGAv---is
repealedv

Section 3. Effective date. This act is effective upon
passage and approval and applies to taxable years beginning
after December 31. 1978.

-End-

ı	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+ANDREVISINGTAXBRACKETSANDRATES;		
8	AMENDING SECTIONS 15-38-103+15-38-105+ 15-30-112+ AND		
9	15-30-142 y-ANS-15-38-1621-REPEALING-15-38-184; AND PROVIDING		
10	AN EFFECTIVE DATE."		
11			
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:		
13	Section-lySection-15-38-183y-MEAy-is-amended-to-read+		
14	#15-30-103wReter-oftoxwThereshallbeleviedy		
15	collectedy-and-paid-for-each-taxable-year-commencingonor		
16	efterBecomber31y1968 1278v-upon-the-texable-income-of		
17	every-texpayer-subject-to-this-texy-aftermakingallowance		
18	for-exemptions-and-deductions-as-hereinafter-providedy-a-tax		
19	at-the-following-rates+		
20	(1)onthe-first-\$ly888-of-taxable-income-or-any- part		
21	thereofy-2%;		
22	{2} on-the-next-\$1+000-of-texoble-income-oranyport		
23	thereofy-3%;		
24	{3}onthenext-\$2y888-of-texable-income-or-any -part		
25	thereofy-4%;		

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2	thereofy-5%;
3	†5}anthenext-\$2 y000 -of-taxab le-∮ncome-or-any- p o rt
4	thereofy-6%;
5	<pre>f6}on-the-next-\$2v000-of-texeble-income-oranypart</pre>
6	thereofy-7%;
7	†7)on-the-next-54v000 <u>#3v800</u> of-texeble-income-or-ony
8	port-thereofy-9%;
9	t0)on-the-next-\$6v000 <u>#4x888</u> of-texeble-income-or-any
10	part-thereofy-9%;
11	191 on the - next-\$5.889 of texable income or any part
12	thereofy-1981
13	1181-on-the-next-16x898-of-taxable-income-orenypart
14	thereofy-like
15	illicon-the-next-fly800-of-toxoble-income-or-sny-part
16	thereofy-22%:
17	1121-on-the-next-110-000-of-taxeble-income_or-maypart
18	thersofy-13%:
19	<u>illi-on-the-next:#15v989-of-toxoble-income-oc-ony-part</u>
20	thereofx-1481
21	19)1111-on-the-next-\$15,080 120,000 oftexableincome
22	or-eny-part-thereofy-18% 1581-and
23	{10}<u>{15</u>}_onenytexebleincomei n-exce ss-of-63 5y688
24,	160:000 or-any-part-thereofy-11% 16%**
26	function 2. Continu 15 30 305 MCA 3a proceeded to woods

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#15-30-105---Fax--on--nonresident-----alternative--tex based--on-gross-sales=--(i)-A-like-tax-is-imposed-upon-every person-not-resident--of--this--statey--which--tax--shall--be teviedy--collectedy-end-paid-annually-at-the-rates-specified in-15-30-103-with-respect-to-his-entire-net-income-as-herein defined-from-off-property-owned--ond--from--every--businessy tradev--professiony--or-occupation-corried-on-in-this-states (2)--Pursuant-to-the-provisions-of-Article-IIIv-section 2y-of-the-Multistate-Tax-Compacty-every-nonresident-taxpayer required-to-file-a-return-and-whase-only-activity-in-Montona consists-of-moking-soles-and-who-dpes-not-own-or--rent--rest estate--or--tangible--personal--property--within-Montana-and whose-annual-grass-volume-of-sales-made--in--Montana--during the--toxoble--year-does-not-exceed-\$100y000-may-elect-to-pay en-income-tex-of-1/2-of-1%-of-the--dollar--volume--of--gross saiss--made--in--Montans--during--the-taxable-years-Such-tax shall-be-in-licu-of-the-taxes-imposed--under--15-30-193--and 15-38-184---The-gross-volume-of-sales-made-in-Montana-during the-taxable--year--shall--be--determined--according--to--the provisions--of--Article--ly--sections--l6--end--l7y--of-the Hultistate-Tax-Compacty= Section 1. Section 15-30-112, MCA, is amended to read: *15-30-112. Exemptions. (1) In the case of an

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individual, the exemptions provided by this section shall be allowed as deductions in computing taxable income.

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

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

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

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

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

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taxable year.

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- (b) An additional exemption of 6658 \$800 shall be allowed for taxable years beginning after December 31. 1973 1978. For the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind shall be made as of the close of the taxable year of the taxpayer, except that if the spouse dies during such taxable year, such determination shall be made as of the time of such death.
- (c) For purposes of this subsection (4) an individual is blind only if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
- (5) (a) An exemption of \$656 \$800 shall be allowed for taxable years beginning after December 31, 1973 1978, for each dependent:
- 24 (i) whose gross income for the calendar year in which 25 the taxable year of the taxpayer begins is less than \$658

•	\$800:	
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- 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
- (B) is a student.
- 7 (b) No exemption shall be allowed under this 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"

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

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- (6) In the case of a nonresident taxpayer, the exemption deduction shall be prorated according to the ratio the taxpayer's Montana adjusted gross income bears to his federal adjusted gross income.
- Section 2. Section 15-30-142. MCA. is amended to read: *15-30-142. Returns and payment of tax -- penalty and interest -- refunds -- credits. (1) Every single individual and every married individual not filing a joint return with his or her spouse and having a gross income for the taxable year of more than \$728 \$666 \$950 and married individuals not filing separate returns and having a combined gross income for the taxable year of more than \$1,445 \$1,880 \$1,880 shall be liable for a return to be filed on such forms and according to such rules as the department may prescribe. The gross income amounts referred to in the preceding sentence shall be increased by \$658 \$800 for each additional personal exemption allowance the taxpayer is entitled to claim for himself and his spouse under 15-30-112(3) and (4). A nonresident shall be required to file a return if his gross income for the taxable year derived from sources within Montana exceeds the amount of the exemption deduction he is

- entitled to claim for himself and his spouse under the provisions of 15-30-112(2), (3), and (4), as prorated according to 15-30-112(6).
- (2) In accordance with instructions set forth by the department, every taxpayer who is married and living with husband or wife and is required to file a return may, at his or her option, file a joint return with husband or wife even 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.

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

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

- (5) As soon as practicable after the return is filed. the department shall examine and verify the tax.
- (6) If the amount of tax as verified is greater than the amount theretofore paid, the excess shall be paid by the taxpayer to the department within 30 days after notice of the amount of the tax as computed, with interest added at the rate of 9% per annum or fraction thereof on the additional tax. In such case there shall be no penalty because of such understatement, provided the deficiency is paid within 30 days after the first notice of the amount is mailed to the taxpayer.**
- Section-5*--Section-15-30-162*-MCAy-is-amended-to-reads
 #15-30-162*--investment-credit*--There-is-allowed-as--a
 credit--against-the-taxes-imposed-by-15-30-103-and-15-30-104
 a--percentage--of---the--investment--in--certain--depreciable
 property--equal-to-one-fifth-the-percentage-of-investment-in
 such-property-allowed--under--section--30--of--the--Internal

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1 Revenue--Gode--of--1954y-os-amendedy-or-as-section-38-may-be
2 renumbered-or-emendedy
3 Section-6y--Repeatery---Section--15-38-184y---MEAy---is
4 repeatedy
5 Section 3. Effective date. This act is effective upon
6 passage and approval and applies to taxable years beginning

-End-

after December 31, 1978.