

HOUSE BILL 604

IN THE HOUSE

February 6, 1979

Introduced and referred to  
Committee on Taxation.

1 House BILL NO. 604  
2 INTRODUCED BY Wade

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXEMPT TEACHERS'  
5 RETIREMENT BENEFITS EMANATING FROM OTHER STATES FROM INCOME  
6 TAXATION IN MONTANA; AMENDING SECTION 15-30-111, MCA."

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

9 Section 1. Section 15-30-111, MCA, is amended to read:

10 "15-30-111. Adjusted gross income. (1) Adjusted gross  
11 income shall be the taxpayer's federal income tax adjusted  
12 gross income as defined in section 62 of the Internal  
13 Revenue Code of 1954 or as that section may be labeled or  
14 amended and in addition shall include the following:

15 (a) interest received on obligations of another state  
16 or territory or county, municipality, district, or other  
17 political subdivision thereof;

18 (b) refunds received of federal income tax, to the  
19 extent the deduction of such tax resulted in a reduction of  
20 Montana income tax liability.

21 (2) Adjusted gross income does not include the  
22 following which are exempt from taxation under this chapter:

23 (a) interest income from obligations of the United  
24 States government, the state of Montana, county,  
25 municipality, district, or other political subdivision

1 thereof;

2 (b) all benefits received under the Federal Employees'  
3 Retirement Act not in excess of \$3,600;

4 (c) all benefits paid under the teachers' retirement  
5 law which are specified as exempt from taxation by 19-4-706;

6 (d) all benefits paid under The Public Employees'  
7 Retirement System Act which are specified as exempt from  
8 taxation by 19-3-105;

9 (e) all benefits paid under the highway patrol  
10 retirement law which are specified as exempt from taxation  
11 by 19-6-705;

12 (f) all Montana income tax refunds or credits thereof;

13 (g) all benefits paid under 19-11-602, 19-11-604, and  
14 19-11-605 to retired and disabled firefighters, their  
15 surviving spouses and orphans;

16 (h) all benefits paid by first- or second-class cities  
17 for the policemen's retirement system provided for by Title  
18 19, chapter 9;

19 ~~(i) all benefits paid under a teachers' retirement~~  
20 ~~system in another state.~~

21 (3) In the case of a shareholder of a corporation with  
22 respect to which the election provided for under subchapter  
23 5. of the Internal Revenue Code of 1954, as amended, is in  
24 effect but with respect to which the election provided for  
25 under 15-31-202, as amended, is not in effect, adjusted

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

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