

SENATE BILL 254

IN THE SENATE

January 25, 1979

Introduced and referred to
Committee on Taxation.

March 15, 1979

Committee recommend bill,
do not pass.

1 *Senate* BILL NO. *254*
2 INTRODUCED BY *Four Hager Steig*

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
5 15-30-111, MCA, TO INCLUDE CERTAIN UNEEMPLOYMENT BENEFITS IN
6 ADJUSTED GROSS INCOME; AND PROVIDING AN EFFECTIVE DATE."

7
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 ~~(c) federal and state unemployment compensation~~
22 ~~payments which must be included under section 85 of the~~
23 ~~Internal Revenue Code of 1954 or as that section may be~~
24 ~~labeled or amended except that the base amount, for purposes~~
25 ~~of this chapter, shall be set at one-half the amount set for~~

1 federal income tax purposes.

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

4 (a) interest income from obligations of the United
5 States government, the state of Montana, county,
6 municipality, district, or other political subdivision
7 thereof;

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

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

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

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

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

19 (g) all benefits paid under 19-11-602, 19-11-604, and
20 19-11-605 to retired and disabled firefighters, their
21 surviving spouses and orphans;

22 (h) all benefits paid by first- or second-class cities
23 for the policemen's retirement system provided for by Title
24 19, chapter 9.

25 (3) In the case of a shareholder of a corporation with

1 respect to which the election provided for under subchapter
2 S. of the Internal Revenue Code of 1954, as amended, is in
3 effect but with respect to which the election provided for
4 under 15-31-202, as amended, is not in effect, adjusted
5 gross income does not include any part of the corporation's
6 undistributed taxable income, net operating loss, capital
7 gains or other gains, profits, or losses required to be
8 included in the shareholder's federal income tax adjusted
9 gross income by reason of the said election under subchapter
10 S. However, the shareholder's adjusted gross income shall
11 include actual distributions from the corporation to the
12 extent they would be treated as taxable dividends if the
13 subchapter S. election were not in effect."

14 Section 2. Effective date. This act is effective on
15 passage and approval and applies to all tax years beginning
16 after December 31, 1978.

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