CHAPTER NO. 623

SENATE BILL NO. 384

INTRODUCED BY BOYLAN, HAZELBAKER, GRAHAM, CONROY, C. SMITH

IN THE SENATE

February 6, 1979	Introduced and referred to Committee on Taxation.
February 7, 1979	Fiscal note requested.
February 9, 1979	Fiscal note returned.
March 10, 1979	Committee recommend bill do pass as amended. Report adopted.
March 13, 1979	Printed and placed on members' desks.
March 14, 1979	Second reading, pass consideration.
March 15, 1979	On motion taken from second reading and rereferred to Committee on Taxation.
March 24, 1979	Committee recommend bill do pass as amended. Report adopted.
March 26, 1979	Printed and placed on members' desks.
March 27, 1979	Second reading, do pass.
	On motion rules suspended. Bill placed on Calendar for third reading this day.
	Third reading, passed. Transmitted to second house.

IN THE HOUSE

March 28, 1979

Introduced and referred to Committee on Taxation.

April 17, 1979

Committee recommend bill be concurred in as amended. Report adopted.

April 18, 1979

Second reading, concurred in.

Third reading, concurred in as amended.

IN THE SENATE

April 19, 1979

Returned from second house. Concurred in as amended.

On motion rules suspended. Bill referred to second reading for consideration this day.

Second reading, amendments adopted.

On motion rules suspended. Bill placed on Calendar for third reading this day.

Third reading, amendments adopted. Sent to enrolling.

Reported correctly enrolled.

 INTRODUCED BY Soyla Nathan Hahang Conray
C Smith

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 15-30-131" MCA, TO ALLOW NONRESIDENT TAXPAYERS TO DEDUCT EITHER THOSE DEDUCTIONS RELATING TO THE PRODUCTION OF MONTANA INCOME OR A PRORATED AMOUNT OF THE DEDUCTIONS ALLOWED UNDER SECTION 15-30-121, MCA, WHICHEVER IS GREATER."

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

Section 1. Section 15-30-131. MCA. is amended to read:

#15-30-131. Nonresident and temporary resident
taxpayers — edjusted—gross-income deductions. (1) In the
case of a taxpayer other than a resident of this state.
edjusted—gross-income-includes—the—entire—emount—of—edjusted
gross—income—from—sources—within—this—state—but—shall—not
include—income—from—ennuitiesy—interest—on—bank—depositesy
interest——on—bondsy——notesy—or—other—interest—bearing
obligationsy—or—dividends—on—stock—of—corporations—except—to
the—extent—to—which—the—same—shall—be—a-port—of—income—from
eny-businessy—tradey—professiony—or—occupation—carried—on—in
this—state»——Adjusted—gross—income—from—sources—within—and
without—this—state—shall—be—allocated—and—apportioned—under
rules—prescribed—by—the—departments—the_deductions_allowed
in_computing_net_income_are_limited_to_the_greater_of_those

directly relating to the production of Montana income or a
prorated amount of those allowed under 15-30-121. Deductions
allowed under 15-30-121 apply only to earned income and must
be prorated according to the ratio that the taxpayer's
Montana adjusted gross income bears to his federal adjusted
orgss income.

(2) in-the-case-of-a-tampayer-other-than-a-resident-of this-statev-the-deductions-allowed-in-computing-net--income shall-be--restricted--to--those-directly-connected-with-the production-of-Nontana-incomes A temporary resident shall be allowed those deductions allowed a resident to the extent that such deductions were actually incurred or expended in the state of Montana during the course of his residency.**

Section 2. Applicability. This act applies to taxable

-End-

years beginning after December 31, 1978.

STATE OF MONTANA

REQUEST NO. 261-79

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>February 7</u> , 19 79, there is hereby submitted a Fiscal Note
for House Bill 384 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 bill amends section 15-30-131, to allow nonresident taxpayers to deduct either those deductions relating to the production of Montana income or a prorated amount of the deductions allowed under section 15-030-121, MCA, whichever is greater.

ASSUMPTIONS

- a) The Department of Revenue forecast of individual income tax receipts for the 80-81 biennium is the basis for comparison.
- b) Under the proposed law the average amount of the itemized deductions claimed by 25,000 non-resident filers will be increased by between \$1,200 and \$1,500.
- c) The average effective tax rate is 5.59%.

FISCAL IMPACT

- Martin - Address - Angele -	FY 80	FY 81
Individual Income Tax Collections	ri ou	<u> </u>
under current law	\$154.268 M	\$169.790 M
under proposed law	\$152.172 - \$152.591 M	\$167.694 - \$168.113 M
Estimated Decrease	(\$ 1.677 - \$ 2.096 M	(\$ 1.677 - \$ 2.096 M
FUND INFORMATION		
General Fund		
under current law	\$ 98.732 M	\$108.666 M
under proposed law	\$ 97.390 - \$ 97.658 M	\$107.324 - \$107.592 M
Estimated Decrease	(\$ 1.074 - \$ 1.342 M	(\$ 1.074 - \$ 1.342 M
Earmarked Fund		
under current law	\$ 38.567 M	\$ 42.447 M
under proposed law	\$ 38.043 - \$ 38.148 M	\$ 41.924 - \$ 42.029 M
Estimated Decrease	\$ 0.419 - \$ 0.524 M	\$ 0.418 - \$ 0.523 M
Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	\$ 16.739 - \$ 16.785 M	\$ 18.446 - \$ 18.492 M
Estimated Decrease	\$ 0.184 - \$ 0.230 M	\$ 0.185 - \$ 0.231 M
		^

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

CONTINUED ON PAGE 2

Kirkent & Fram for

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4/9/21

STATE OF MONTANA

REQUEST NO. 261-79

Department of Administration

Date:

FISCAL NOTE

In compliance with a written request received February 7, 19 79 for House Bill 384 pursuant to Chapter 53, Session Laws —	, there is hereby submitted a Fiscal Note Thirty-Ninth Legislative Assembly. Background
information used in developing this Fiscal Note is available from the Department	of Administration, Budget Bureau, to members
of the Legislative Assembly upon request.	
Page 2	
LONG-RANGE EFFECTS	
Loss of \$2 million per year. TECHNICAL NOTE	
a) Revenues to the indicated Earmarked Revenue Account are School Foundation Program. Therefore, any decrease in necessitate additional support from other sources.	e used to support the Public revenues to that program may
PREPARED BY DEPARTMENT OF REVENUE	
	CHIEF, BUDGET BUREAU

FISCAL NOTE

Form BD-15

In compliance with a written request received March 14 , 19 79 , there is hereby submitted a Fiscal Note for Senate Bijl 384 (2nd Reading Version) to Reading Wers from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill amends section 15-30-131, to allow nonresident taxpayers to deduct either those deductions relating to the production of Montana income or a prorated amount of the deductions allowed under section 15- 30-121, MCA, whichever is greater.

ASSUMPTIONS

- a) The Department of Revenue forecast of individual income tax receipts for the 80-81 biennium is the basis for comparison.
- b) Under the proposed law the average amount of the itemized deductions claimed by 25,000 non-resident filers will be increased by between \$1,200 and \$1,500.
- c) The average effective tax rate is 5.59%.

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	FY 80	FY 81
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Sinking Fund*		
under current law	\$ 16.969 M	\$ 18.677 M
under proposed law	\$ 16.739 - \$ 16.785 M	\$ 18.446 - \$ 18.492 M
Estimated Decrease	(\$ 0.184 - \$ 0.230 M)	(\$ 0.185 - \$ 0.231 M)

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

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3/12/77

CONTINUED ON PAGE 2

STATE OF MONTANA

REQUEST NO. 261-79 amen

FISCAL NOTE

Form BD-15

In compliance with a written request received March 14 , 19 79 , there is hereby submitted a Fiscal Note for Senate Bill 384 (2nd 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

LONG-RANGE EFFECTS

Loss of \$2 million per year.

TECHNICAL NOTE

- a) Revenues to the indicated Earmarked Revenue Account are used to support the Public School Foundation Program. Therefore, any decrease in revenues to that program may necessitate additional support from other sources.
- b) This Fiscal Note is identical to the original fiscal note for SB 384. The amendments to SB 384 which were present on that version of the bill marked "Second Reading" would probably result in a slight increase in income tax receipts from the amount which would obtain from administration of the "Introduced Bill", however, it is not possible to estimate this difference with any precision. It should also be noted that the amendments would also necessitate an increase in expenditures for data processing, tax forms and instructions which may offset a small increase in revenue.

(Prepared by the Department of Revenue)

BUDGET DIRECTOR
Office of Budget and Program Planning
Date:

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1	SENATE BILL NO. 384
2	INTRODUCED BY BOYLAN, HAZELBAKER, GRAHAM, CONROY, C. SMITH
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5	15-30-131. HCA. TO ALLOW NONRESIDENT TAXPAYERS TO DEDUCT
6	EITHER THOSE DEDUCTIONS RELATING TO THE PRODUCTION OF
7	MONTANA INCOME OR A PRORATED AMOUNT OF THE DEDUCTIONS
8	ALEGHED UNDER SECTION 15-30-121. MCA. WHICHEVER IS GREATER."
9	
.0	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HONTANA:
.1	Section 1. Section 15-30-131, MCA, is amended to read:
.2	"15-30-131. Nonresident and temporary resident
13	taxpayers adjusted-gross-income ADJUSTED GROSS_INCOME ==
4	deductions. (1) In the case of a taxpayer other than a
.5	resident of this state, adjusted-gross-income-includes-the
6	entire-amount-of-adjusted-gross-income-fromsourceswithin
. 7	thisstatebutshallnotinclude-income-from-annuities*
8	interest-on-bank-depositsyinterestonbandsynotesyor
9	other-interest-bearing-obligationsy-ar-dividends-on-stock-of
20	corporations-except-to-the-extent-to-which-the-same-shall-be
21	apartofincome-from-any-businessy-tradey-professiony-or
22	occupation-carried-on-in-this-statewAdjusted-grossincome
23	fromsourceswithinandwithoutthisstateshallbe
24	allocated-and-apportionedunderrulesprescribedbythe
25	deportments the ADJUSTED GROSS INCOME INCLUDES THE ENTIRE

AMOUNT OF ADJUSTED GROSS INCOME FROM SOURCES WITHIN THIS 1 2 STATE BUT SHALL NOT INCLUDE INCOME FROM ANNUITIES. INTEREST ON BANK DEPOSITS. INTEREST ON BONDS. MOTES. OR OTHER 3 4 INTEREST-BEARING OBLIGATIONS. OR DIVIDENOS ON STOCK OF 5 CORPORATIONS EXCEPT TO THE EXIENT TO WHICH THE SAME SHALL BE A PART OF INCOME FROM ANY BUSINESS. TRADE. PROFESSION. OR 7 OCCUPATION CARRIED ON IN THIS STATE ADJUSTED GROSS INCOME FROM SOURCES WITHIN AND WITHOUT THIS STATE SHALL BE 8 9 ALLOCATED AND APPORTIONED UNDER BULES PRESCRIBED BY THE 10 DEPARTMENT, THE deductions allowed in computing net income 11 are limited to the creater of those directly relating to the 12 production of Montana income or a prorated amount of those 13 allowed under 15-30-121. Deductions allowed under 15-30-121 14 apply only to earned income and must be prorated according 15 to the ratio that the taxpaver's Montana adiusted-eross 16 EARNED income bears to his federal adjusted gross EARNED 17 income. 18 (2) in-the-cose-of-s-texpayer-other-than-s-resident-of 19 this-state,-the-deductions-allowed-in-computing--net--income

sholl--be--restricted--to--those-directly-connected-with-the production-of-Montene-incomev A temporary resident shall be

allowed those deductions allowed a resident to the extent

that such deductions were actually incurred or expended in

131 FOR THE PURPOSES OF THIS SECTION: "EARNED INCOME"

the state of Montana during the course of his residency.

SB 0384/02

- 1 SHALL BE DEFINED AS THE SAME TERM IS DEFINED IN SECTION 43
- 2 OF THE INTERNAL REVENUE CODE. OR AS THAT SECTION MAY
- 3 SUBSEQUENTLY BE AMENDED."
- 4 Section 2. Applicability. This act applies to taxable
- 5 years beginning after December 31: 1978.

-End-

46th Legislature \$B 0384/03

Approved by Committee on Taxation

	SEMALE BILL NO. 304
2	INTRODUCED BY BOYLAN+ HAZELBAKER+ GRAHAM+ CONROY+ C+ SMITH
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5	15-30-131, MCA, TO ALLOW NONRESIDENT TAXPAYERS TO DEDUCT
6	EITHER THOSE DEDUCTIONS RELATING TO THE PRODUCTION OF
7	MONTANA INCOME OR A PRORATED AMOUNT OF THE DEDUCTIONS
8	ALLOWED UNDER SECTION 15-30-121. MCA. WHICHEVER IS GREATER.*
9	
10	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11	Section 1. Section 15-30-131, MCA, is amended to read:
12	*15-30-131. Nonresident <u>and temporary resident</u>
13	taxpayers adjusted-gross-income ADJUSTED GROSS INCOME
14	<u>deductions</u> . (1) In the case of a taxpayer other than a
15	resident of this state <u>HHO RECEIVES NO CREDIT FOR HIS</u>
16	MONTANA INCOME TAX FROM THE INCOME TAXES PAID IN THE STATE
17	<u>OF HIS RESIDENCE</u> , adjusted-gross-income-includes-the-entire
18	amount-of-adjusted-gross-incomefromsourceswithinthis
19	statebut-shall-mot-include-income-from-annuitiesy-interest
20	onbankdepositsyinterestonbondsynotesyorother
21	interest-bearingobligationsyordividendsonstockof
22	corporations-except-to-the-extent-to-which-the-some-shall-be
23	a-part-of-income-from-any-businessytradeyprofessionyor
24	occupationcarried-on-in-this-stateAdjusted-gross-income

from--sources--within--and--without--this--state--shall---be

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offocoted--and--apportioned--under--rules--prescribed-by-the 2 departments the ADJUSTED GROSS INCOME INCLUDES THE ENTIRE AMOUNT OF ADJUSTED GROSS INCOME FROM SOURCES WITHIN THIS STATE BUT SHALL NOT INCLUDE INCOME FROM ANNUITIES. INTEREST ON BANK DEPOSITS. INTEREST ON BONDS. NOTES. OR OTHER INTEREST-BEARING OBLIGATIONS. OR DIVIDENDS ON STOCK OF CORPORATIONS EXCEPT TO THE EXTENT TO WHICH THE SAME SHALL BE A PART OF INCOME FROM ANY BUSINESS. TRADE. PROFESSION. OR OCCUPATION CARRIED ON IN THIS STATE, ADJUSTED GROSS INCOME 10 FROM SOURCES WITHIN AND WITHOUT THIS STATE SHALL BE 11 ALLOCATED AND APPORTIONED UNDER RULES PRESCRIBED BY THE 12 DEPARTMENT. THE deductions allowed in computing net income are limited to the greater of those directly relating to the 13 14 production of Montana income or a prorated amount of those 15 allowed under 15-30-121. Deductions allowed under 15-30-121 16 apply only to earned income and must be prorated according 17 to the ratio that the taxpayer's Montana adjusted-gross 18 EARNED income bears to his federal adjusted areas EARNED 19 income.

(2) in-the-case-of-a-taxpayer-other-than-a-resident-of

this--statey--the-deductions-allowed-in-computing-net-income

shall-be-restricted-to-those--directly--connected--with--the

production--of-Montane-incomes A temporary resident shall be

allowed those deductions allowed a resident to the extent

that such deductions were actually incurred or expended in

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-2- SECOND PRINTING SB 384
SECOND READING

SB 0384/03

- 1 the state of Montana during the course of his residency.
- 2 (3) FOR THE PURPOSES OF THIS SECTION. "EARNED INCOME"
- 3 SHALL BE DEFINED AS THE SAME TERM IS DEFINED IN SECTION 43
- 4 OF THE INTERNAL REVENUE CODE. OR AS THAT SECTION MAY
- SUBSEQUENTLY BE AMENDED.
- 6 Section 2. Applicability. This act applies to taxable
- 7 years beginning after December 31, 1978.

-End-

1	SENATE BILL NO. 384
2	INTRODUCED BY BOYLAN. HAZELBAKER. GRAHAM. CONROY. C. SMITH
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5	15-30-131, MCA, TO ALLOW NONRESIDENT TAXPAYERS TO DEDUCT
6	EITHER THOSE DEDUCTIONS RELATING TO THE PRODUCTION OF
7	MONTANA INCOME OR A PRORATED AMOUNT OF THE DEDUCTIONS
8	ALLOWED UNDER SECTION 15-30-121, MCA, WHICHEVER IS GREATER.*
9	
0	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
1	Section 1. Section 15-30-131, MCA, is amended to read:
2	#15-30-131. Nonresident and temporary resident
3	taxpayers edjusted-gross-income ADJUSTED GROSS INCOME
4	deductions+ (1) In the case of a taxpayer other than a
5	resident of this state WHO RECEIVES NO CREDIT FOR HIS
6	MONTANA INCOME TAX FROM THE INCOME TAXES PAID IN THE STATE
7	OF HIS RESIDENCE: adjusted-gross-income-includes-the-entire
8	amount-of-adjusted-gross-incomefromsourceswithinthis
9	statebut-shall-not-include-income-from-annuitiesinterest
0	onbankdepositsyinterestonbandsynotesyother
:1	interest-bearingobligationsordividendsonstockof
2	corporations-except-to-the-extent-to-which-the-same-shall-be
3	a-part-of-income-from-any-businessytradeyprofessionyor
4	occupationcarried-on-in-this-stateAdjusted-gross-income
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2	deportments the ADJUSTED GROSS INCOME INCLUDES THE ENTIR
3	AMOUNT OF ADJUSTED GROSS INCOME FROM SOURCES MITHIN THE
4	STATE BUT SHALL NOT INCLUDE INCOME FROM ANNUITIES. INTERES
5	ON BANK DEPOSITS. INTEREST ON BONDS. NOTES. OR OTHE
6	INTEREST-BEARING OBLIGATIONS. OR DIVIDENDS ON STOCK D
7	CORPORATIONS EXCEPT TO THE EXTENT TO MICH THE SAME SHALL B
8	A PART OF INCOME FROM ANY BUSINESS. TRADE. PROFESSION. D
9	OCCUPATION CARRIED ON IN THIS STATE. ADJUSTED GROSS INCOM
10	FROM SOURCES WITHIN AND WITHOUT THIS STATE SHALL B
11	ALLOCATED AND APPORTIONED UNDER RULES PRESCRIBED BY TH
12	DEPARIMENT. IHE deductions allowed in computing ost incom-
13	are limited to the greater of those directly relating to the
14	production of Montana income or a prorated amount of thos
15	allowed_under_15=30=121a_Deductions_allowed_under_15=30=12
16	apply only to earned income and must be prorated according
17	to the ratio that the taxpayer's Montana edjusted-grea
18	EARNED income bears to his federal edjusted gross EARNE
19	income
20	(2) In-the-case-of-s-texpayer-other-than-s-resident-o
21	thisstateythe-deductions-allowed-in-computing-net-incom
22	shall-be-restricted-to-thosedirectlyconnectedwithth
23	productionof-Montone-income: A temporary resident shall be
24	allowed those deductions allowed a resident to the exten

that such deductions were actually incurred or expended in

1	£134	state	OT !	10H£4N4	GALII	IĞ EM	course	OF DIS	reside	suc A •
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2		131	EOR.	THE PU	RPOSES	QE1	HIS SEC	IION.	EARNED.	INC

13) FOR THE PURPOSES OF THIS SECTION. "EARNED INCOME"

SHALL BE DEFINED AS THE SAME TERM IS DEFINED IN SECTION 43

OF THE INTERNAL REVENUE CODE. OR AS THAT SECTION MAY

SUBSECUENTLY BE AMENDED."

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Section 2. Applicability. This act applies to texable

years beginning after December 31: 1978.

-End-

46th Legislature SB 0384/04

1	SENATE BILL NO. 384
2	INTRODUCED BY BOYLAN, HAZELBAKER, GRAHAM, CONROY, C. SMITH
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5	15-30-131, MCA, TO ALLOW NONRESIDENT TAXPAYERS WHO RESIDE IN
6	A STATE THAT DOES NOT IMPOSE A TAX ON THE INCOME OF NATURAL
7	PERSONS RESIDING IN THAT STATE TO DEDUCT EITHER THOSE
8	DEDUCTIONS RELATING TO THE PRODUCTION OF MONTANA INCOME OR A
9	PROPATED AMOUNT OF THE DEDUCTIONS ALLOWED UNDER SECTION
10	15-30-121, MCA, WHICHEVER IS GREATER.
11	
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13	Section 1. Section 15-30-131, MCA, is amended to read:
14	#15-30-131. Nonresident and temporary resident
15	taxpayers md justed-gross-income <u>AD.NUSTED GROSS INCOME</u>
16	deductions. (1) In the case of a taxpayer other than a
17	resident of this state WHR-RECEIVES-NG-CREDIT-FOR-HIS
8.1	MONTANA-INCOME-TAX-EROM-THE-INCOME-TAXES-PAID-INTHESTATE
19	<u>BFHiS-RESIBENEE</u> , adjusted-gross-income-includes-the-entire
20	amount-of-ad justed-gross-incomefromsourceswithinthis
21	statebut-shall-not-include-income-from-annuitlesy-interest
22	onbankdepositsyinterestonbondsynotesyorather
23	interest-bearingobligations;ordividendsonstockof
24	corporations-except-to-the-extent-to-which-the-same-shall-be
25	a-part-of-income-from-any-businessytrodeyprofessionyor

1	occupationcerried-on-in-this-statesAdjusted-gross-incom
2	fromsourceswithinandwithoutthisstateshallb
3	allocatedandapportionedunderrulesprescribed-by-th
4	departments the ADJUSTED GROSS INCOME INCLUDES THE ENTIR
5	AMOUNT OF ADJUSTED GROSS INCOME FROM SOURCES WITHIN THE
6	STATE BUT SHALL NOT INCLUDE INCOME FROM ANNUITIES. INTERES
7	ON BANK DEPOSITS. INTEREST ON BONDS. NOTES. OR OTHE
8	INTEREST-BEARING OBLIGATIONS. OR DIVIDENDS ON STOCK O
9	CORPORATIONS EXCEPT TO THE EXTENT TO WHICH THE SAME SHALL B
10	A PART OF INCOME FROM ANY BUSINESS. TRADE. PROFESSION. O
11	OCCUPATION CARRIED ON IN THIS STATE, ADJUSTED GROSS INCOM
12	FROM SQUECES WITHIN AND WITHOUT THIS STATE SHALL B
13	ALLOCATED AND APPORTIONED UNDER RULES PRESCRIBED BY TH
14	DEPARTMENT. THE deductions-allowed-in-computing-net-incom
15	are-listed-to-the-greater-of-those-directly-relating-to-th
16	production-of-Mantana-income-or-a-prorated-assumtofthes
17	allowedunder-15-18-121x-Reductions-allowed-under-15-38-12
18	apply-anly-to-sorned-income-and-must-beprocetsd-:eccocdin
19	totheratiothetthetempsyer's-Montens adjusted-gres
20	EARNED income-bears-to-bisfedered adjusted gross EARNE
21	income
22	(2) IN THE CASE OF A TAXPAYER OTHER THAN A RESIDENT O
23	THIS STATE WHO IS A RESIDENT OF A STATE THAT IMPOSES A TA
24-	ON THE INCOME OF NATURAL PERSONS RESIDING WITHIN THAT STATE
25	THE DEDUCTIONS ALLOWED IN COMPUTING NET INCOME AD

-2-

SB 384

SB 0384/04

RESTRICTED TO THOSE DIRECTLY CONNECTED WITH THE PRODUCTION OF MONTANA INCOME. 3 13) IN THE CASE OF A TAXPAYER OTHER THAN A RESIDENT OF THIS STATE WHO IS A RESIDENT OF A STATE THAT DOES NOT IMPOSE A TAX ON THE INCOME OF NATURAL PERSONS RESIDING WITHIN THAT STATE. THE DEDUCTIONS ALLOWED IN COMPUTING NET INCOME ARE 7 RESTRICTED TO THE GREATER OF THOSE DIRECTLY RELATING TO THE PRODUCTION OF MONTANA INCOME OR A PROPATED ANOUNT OF THOSE ALLOWED UNDER 15-30-121. FOR THE PURPOSES OF THIS SUBSECTION: DEDUCTIONS ALLOWED UNDER 15-30-121 APPLY DNLY TO 10 11 EARNED INCOME AND MUST BE PRORATED ACCORDING TO THE RATIO 12 THAT THE TAXPAYER'S NONTANA EARNED INCOME BEARS TO HIS 13 FEDERAL EARNED INCOME. 14 121141 In-the-cose-of-a-tempayer-other-then-a-resident 15 of--this--states--the--deductions--eliqued--in-computing-net 16 income-shell-be-restricted-to-those-directly-connected--with 17 the-production-of-Mentene-incomes A temporary resident shall 18 be allowed those deductions allowed a resident to the extent 19 that such deductions were actually incurred or expended in 20 the state of Montana during the course of his residency. 21 494(5) FOR THE PURPOSES OF THIS SECTION. "EARNED INCOME" SHALL BE DEFINED AS THE SAME TERM IS DEFINED IN 22

1 years beginning after December 31, 1978.
--End--

SB 384

MAY SUBSEQUENTLY BE ARENDED."

SECTION 43 OF THE INTERNAL REVENUE CODE. OR AS THAT SECTION

Section 2. Applicability. This act applies to taxable

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HOUSE OF REPRESENTATIVES APRIL 16, 1979

COMMITTEE ON TAXATION amendments to Senate Bill No. 384, third reading copy, as follows:

- 1. Title, line 5,
 Following: "TAXPAYERS"
 Insert: "WHO RESIDE IN A STATE THAT DOES NOT IMPOSE A TAX ON
 THE INCOME OF NATURAL PERSONS RESIDING IN THAT STATE"
- 2. Page 1, lines 15 through 17, Following: "state" Strike: Remainder of line 15 through "RESIDENCE" on line 17,
- 3. Page 2, lines 12 through 19, Following: "DEPARTMENT."
 Strike: Remainder of lines 12 through 19 in their entirety,
- 4. Page 2.
 Following: line 19.
 Insert: "(2) In the case of a taxpayer other than a resident of this state who is a resident of a state that imposes a tax on the income of natural persons residing within that state, the deductions allowed in computing net income are restricted to those directly connected with the production of Montana income.
 - (3) In the case of a taxpayer other than a resident of this state who is a resident of a state that does not impose a tax on the income of natural persons residing within that state, the deductions allowed in computing net income are restricted to the greater of those directly relating to the production of Montana income or a prorated amount of those allowed under 15-30-121. For the purposes of this subsection, deductions allowed under 15-30-121 apply only to earned income and must be prorated according to the ratio that the taxpayer's Montana earned income bears to his federal earned income."

Renumber: Subsequent subsections.

AND AS AMENDED BE CONCURRED IN