

SENATE BILL NO. 68

INTRODUCED BY GAGE, TOWE

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

IN THE SENATE

January 6, 1983	Introduced and referred to Committee on Taxation.
January 7, 1983	Fiscal Note requested.
January 10, 1983	Fiscal Note returned.
January 12, 1983	Committee recommend bill do pass. Report adopted.
January 13, 1983	Bill printed and placed on members' desks.
January 14, 1983	Second reading, do pass.
January 15, 1983	Considered correctly engrossed.
January 17, 1983	Third reading, passed. Ayes, 50; Noes, 0. Transmitted to House.

IN THE HOUSE

January 18, 1983	Introduced and referred to Committee on Taxation.
March 22, 1983	Committee recommend bill concurred in. Report adopted.
March 23, 1983	Second reading, concurred in.
March 25, 1983	Third reading, concurred in.

IN THE SENATE

March 26, 1983

Returned to Senate. Sent
to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *68*
2 INTRODUCED BY *Rep. [Signature]*
3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX
6 DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA
7 OR A POLITICAL SUBDIVISION; AMENDING SECTION 15-30-131, MCA;
8 AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."
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 and temporary resident
13 taxpayers -- adjusted gross income -- deductions. (1) In the
14 case of a taxpayer other than a resident of this state,
15 adjusted gross income includes the entire amount of adjusted
16 gross income from sources within this state but shall not
17 include income from annuities, interest on bank deposits,
18 interest on bonds, notes, or other interest-bearing
19 obligations, or dividends on stock of corporations except to
20 the extent to which the same shall be a part of income from
21 any business, trade, profession, or occupation carried on in
22 this state. Adjusted gross income from sources within and
23 without this state shall be allocated and apportioned under
24 rules prescribed by the department.
25 (2) In the case of a taxpayer other than a resident of

1 this state who is a resident of a state that imposes a tax
2 on the income of natural persons residing within that state,
3 the deductions allowed in computing net income are
4 restricted to those directly connected with the production
5 of Montana income.

6 (3) In the case of a taxpayer other than a resident of
7 this state who is a resident of a state that does not impose
8 a tax on the income of natural persons residing within that
9 state, the deductions allowed in computing net income are
10 restricted to the greater of those directly relating to the
11 production of Montana income or a prorated amount of those
12 allowed under 15-30-121. For the purposes of this
13 subsection, deductions allowed under 15-30-121 apply only to
14 earned income and must be prorated according to the ratio
15 that the taxpayer's Montana earned income bears to his
16 federal earned income.

17 (4) A temporary resident shall be allowed those
18 deductions and the credit under 15-32-109 allowed a resident
19 to the extent that such deductions or credit were actually
20 incurred or expended in the state of Montana during the
21 course of his residency.

22 (5) For the purposes of this section, "earned income"
23 shall be defined as the same term is defined in section 43
24 of the Internal Revenue Code, or as that section may
25 subsequently be amended.

1 (6) Notwithstanding the provisions of subsections (2)
 2 and (3), any contribution made after December 31, 1982, to
 3 the state of Montana or a political subdivision thereof
 4 shall be an allowable deduction in computing net income.
 5 The deduction is subject to the limitations set forth in
 6 section 170 of the Internal Revenue Code of 1954 as labeled
 7 or amended."
 8 NEW SECTION. Section 2. Effective date —
 9 applicability. This act is effective on passage and approval
 10 and applies to taxable years beginning after December 31,
 11 1982.

-End-

STATE OF MONTANA

REQUEST NO. 057-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 7, , 19 83 , there is hereby submitted a Fiscal Note for Senate Bill 68 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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.

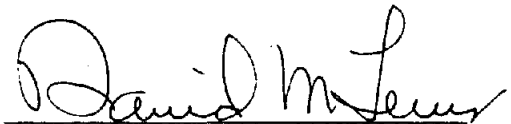
DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 68 provides an income tax deduction to nonresidents for contributions made to Montana or a political subdivision and provides an effective date and an applicability date.

FISCAL IMPACT:

It is not possible to anticipate the amount of contributions which would be made to state or local governmental entities in Montana by nonresidents as a result of this proposal. However, it is believed that this measure would probably have a minimal effect upon income tax receipts.

FISCAL NOTE2:J/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-10-83

Approved by Committee
on Taxation

1 Senate BILL NO. 68
2 INTRODUCED BY Rep. Dan
3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX
6 DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA
7 OR A POLITICAL SUBDIVISION; AMENDING SECTION 15-30-131, MCA;
8 AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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 and temporary resident
13 taxpayers -- adjusted gross income -- deductions. (1) In the
14 case of a taxpayer other than a resident of this state,
15 adjusted gross income includes the entire amount of adjusted
16 gross income from sources within this state but shall not
17 include income from annuities, interest on bank deposits,
18 interest on bonds, notes, or other interest-bearing
19 obligations, or dividends on stock of corporations except to
20 the extent to which the same shall be a part of income from
21 any business, trade, profession, or occupation carried on in
22 this state. Adjusted gross income from sources within and
23 without this state shall be allocated and apportioned under
24 rules prescribed by the department.

25 (2) In the case of a taxpayer other than a resident of

1 this state who is a resident of a state that imposes a tax
2 on the income of natural persons residing within that state,
3 the deductions allowed in computing net income are
4 restricted to those directly connected with the production
5 of Montana income.

6 (3) In the case of a taxpayer other than a resident of
7 this state who is a resident of a state that does not impose
8 a tax on the income of natural persons residing within that
9 state, the deductions allowed in computing net income are
10 restricted to the greater of those directly relating to the
11 production of Montana income or a prorated amount of those
12 allowed under 15-30-121. For the purposes of this
13 subsection, deductions allowed under 15-30-121 apply only to
14 earned income and must be prorated according to the ratio
15 that the taxpayer's Montana earned income bears to his
16 federal earned income.

17 (4) A temporary resident shall be allowed those
18 deductions and the credit under 15-32-109 allowed a resident
19 to the extent that such deductions or credit were actually
20 incurred or expended in the state of Montana during the
21 course of his residency.

22 (5) For the purposes of this section, "earned income"
23 shall be defined as the same term is defined in section 43
24 of the Internal Revenue Code, or as that section may
25 subsequently be amended.

SECOND READING

1 ~~(6) Notwithstanding the provisions of subsections (2)~~
 2 ~~and (3), any contribution made after December 31, 1982, to~~
 3 ~~the state of Montana or a political subdivision thereof~~
 4 ~~shall be an allowable deduction in computing net income.~~
 5 ~~The deduction is subject to the limitations set forth in~~
 6 ~~section 170 of the Internal Revenue Code of 1954 as labeled~~
 7 ~~or amended."~~

8 **NEW SECTION.** Section 2. Effective date —
 9 applicability. This act is effective on passage and approval
 10 and applies to taxable years beginning after December 31,
 11 1982.

-End-

1 *Senate* BILL NO. *68*
2 INTRODUCED BY *Rep. Dan*

3 BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX
6 DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA
7 OR A POLITICAL SUBDIVISION; AMENDING SECTION 15-30-131, MCA;
8 AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."
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 and temporary resident
13 taxpayers — adjusted gross income — deductions. (1) In the
14 case of a taxpayer other than a resident of this state,
15 adjusted gross income includes the entire amount of adjusted
16 gross income from sources within this state but shall not
17 include income from annuities, interest on bank deposits,
18 interest on bonds, notes, or other interest-bearing
19 obligations, or dividends on stock of corporations except to
20 the extent to which the same shall be a part of income from
21 any business, trade, profession, or occupation carried on in
22 this state. Adjusted gross income from sources within and
23 without this state shall be allocated and apportioned under
24 rules prescribed by the department.

25 (2) In the case of a taxpayer other than a resident of

1 this state who is a resident of a state that imposes a tax
2 on the income of natural persons residing within that state,
3 the deductions allowed in computing net income are
4 restricted to those directly connected with the production
5 of Montana income.

6 (3) In the case of a taxpayer other than a resident of
7 this state who is a resident of a state that does not impose
8 a tax on the income of natural persons residing within that
9 state, the deductions allowed in computing net income are
10 restricted to the greater of those directly relating to the
11 production of Montana income or a prorated amount of those
12 allowed under 15-30-121. For the purposes of this
13 subsection, deductions allowed under 15-30-121 apply only to
14 earned income and must be prorated according to the ratio
15 that the taxpayer's Montana earned income bears to his
16 federal earned income.

17 (4) A temporary resident shall be allowed those
18 deductions and the credit under 15-32-109 allowed a resident
19 to the extent that such deductions or credit were actually
20 incurred or expended in the state of Montana during the
21 course of his residency.

22 (5) For the purposes of this section, "earned income"
23 shall be defined as the same term is defined in section 43
24 of the Internal Revenue Code, or as that section may
25 subsequently be amended.

THIRD READING

1 ~~(6) Notwithstanding the provisions of subsections (2)~~
2 ~~and (3), any contribution made after December 31, 1982, to~~
3 ~~the state of Montana or a political subdivision thereof~~
4 ~~shall be an allowable deduction in computing net income.~~
5 ~~The deduction is subject to the limitations set forth in~~
6 ~~section 170 of the Internal Revenue Code of 1954 as labeled~~
7 ~~or amended."~~
8 NEW SECTION. Section 2. Effective date --
9 applicability. This act is effective on passage and approval
10 and applies to taxable years beginning after December 31,
11 1982.

-End-

SENATE BILL NO. 68

INTRODUCED BY GAGE, TOWE

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX DEDUCTION TO NONRESIDENTS FOR CONTRIBUTIONS MADE TO MONTANA OR A POLITICAL SUBDIVISION; AMENDING SECTION 15-30-131, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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 -- adjusted gross income -- deductions. (1) In the case of a taxpayer other than a resident of this state, 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 from sources within and without this state shall be allocated and apportioned under rules prescribed by the department.

(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.

(4) A temporary resident shall be allowed those deductions and the credit under 15-32-109 allowed a resident to the extent that such deductions or credit were actually incurred or expended in the state of Montana during the course of his residency.

(5) 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 subsequently be amended.

1 ~~(6) Notwithstanding the provisions of subsections (2)~~
 2 ~~and (3), any contribution made after December 31, 1982, to~~
 3 ~~the state of Montana or a political subdivision thereof~~
 4 ~~shall be an allowable deduction in computing net income.~~
 5 ~~The deduction is subject to the limitations set forth in~~
 6 ~~section 170 of the Internal Revenue Code of 1954 as labeled~~
 7 ~~or amended."~~

8 NEW SECTION. Section 2. Effective date --
 9 applicability. This act is effective on passage and approval
 10 and applies to taxable years beginning after December 31,
 11 1982.

-End-