

SENATE BILL NO. 44

INTRODUCED BY TOWE

BY REQUEST OF THE DEPARTMENT OF REVENUE
AND THE REVENUE OVERSIGHT COMMITTEE

IN THE SENATE

January 7, 1985	Introduced and referred to Committee on Taxation.
January 8, 1985	Fiscal Note requested.
January 11, 1985	Committee recommend bill do pass. Report adopted.
January 12, 1985	Bill printed and placed on members' desks. Fiscal Note returned.
January 14, 1985	Second reading, do pass.
January 15, 1985	Considered correctly engrossed.
January 16, 1985	Third reading, passed. Transmitted to House.

IN THE HOUSE

January 18, 1985	Introduced and referred to Committee on Taxation.
March 15, 1985	Committee report bill with no recommendation.
March 18, 1985	Second reading, concurred in.
March 20, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 20, 1985

Received from House.

Sent to enrolling.

Reported correctly enrolled.

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 6 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE
 7 INCLUSION OF INTEREST INCOME FROM INSTALLMENT SALES OF REAL
 8 OR TANGIBLE BUSINESS PROPERTY LOCATED IN MONTANA IN A
 9 NONRESIDENT'S MONTANA ADJUSTED GROSS INCOME; AMENDING
 10 SECTION 15-30-131, MCA; AND PROVIDING AN APPLICABILITY DATE
 11 AND AN IMMEDIATE EFFECTIVE DATE."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 15-30-131, MCA, is amended to read:
 15 "15-30-131. Nonresident and temporary resident
 16 taxpayers -- adjusted gross income -- deductions. (1) In the
 17 case of a taxpayer other than a resident of this state,
 18 adjusted gross income includes the entire amount of adjusted
 19 gross income from sources within this state but shall not
 20 include income from annuities, interest on bank deposits,
 21 interest on bonds, notes, or other interest-bearing
 22 obligations, or dividends on stock of corporations except to
 23 the extent to which the same shall be a part of income from
 24 any business, trade, profession, or occupation carried on in
 25 this state. Interest income from installment sales of real

1 or tangible commercial or business property located in
 2 Montana must be included in adjusted gross income. Adjusted
 3 gross income from sources within and without this state
 4 shall be allocated and apportioned under rules prescribed by
 5 the department.

6 (2) In the case of a taxpayer other than a resident of
 7 this state who is a resident of a state that imposes a tax
 8 on the income of natural persons residing within that state,
 9 the deductions allowed in computing net income are
 10 restricted to those directly connected with the production
 11 of Montana income.

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

23 (4) A temporary resident shall be allowed those
 24 deductions and the credit under 15-32-109 allowed a resident
 25 to the extent that such deductions or credit were actually

1 incurred or expended in the state of Montana during the
2 course of his residency.

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

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

14 (7) For purposes of this section, "installment sales"
15 means sales in which the buyer agrees to pay the seller in
16 one or more deferred installments."

17 NEW SECTION. Section 2. Extension of authority. Any
18 existing authority of the department of revenue to make
19 rules on the subject of the provisions of this act is
20 extended to the provisions of this act.

21 NEW SECTION. Section 3. Effective date --
22 applicability date. This act is effective on passage and
23 approval and applies to taxable years beginning after
24 December 31, 1984.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN025-85

Form BD-15


In compliance with a written request received January 8, 19 85, there is hereby submitted a Fiscal Note for S.B. 44 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

An act clarifying the inclusion of interest income from installment sales of real or tangible business property located in Montana in a nonresident's Montana adjusted gross income; amending section 15-30-131, MCA; and providing an applicability date and an immediate effective date.

FISCAL IMPACT

The proposal is intended to clarify the definition of adjusted gross income of nonresidents. The Department currently is interpreting the statutes as contained in this bill. Therefore, the proposal will have no revenue impact.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Jan 12, 1985

APPROVED BY COMMITTEE
ON TAXATION

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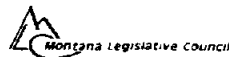
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