

HOUSE BILL NO. 607

INTRODUCED BY HANNAH

IN THE HOUSE

FEBRUARY 8, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

MARCH 1, 1989

COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

MARCH 2, 1989

PRINTING REPORT.

MARCH 3, 1989

SECOND READING, DO PASS.

MARCH 4, 1989

ENGROSSING REPORT.

MARCH 6, 1989

THIRD READING, PASSED.
AYES, 93; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 7, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

MARCH 31, 1989

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

APRIL 1, 1989

SECOND READING, CONCURRED IN.

APRIL 4, 1989

THIRD READING, CONCURRED IN.
AYES, 48; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 5, 1989

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 607
 2 INTRODUCED BY [Signature]

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT FILING A
 5 FEDERAL SUBCHAPTER S TAX RETURN WITH THE STATE CORPORATE TAX
 6 RETURN IS SUFFICIENT TO ESTABLISH THE STATUS OF A MONTANA
 7 SMALL BUSINESS CORPORATION FOR INCOME TAX PURPOSES; AMENDING
 8 SECTIONS 15-31-201 AND 15-31-208, MCA; AND PROVIDING AN
 9 EFFECTIVE DATE AND AN APPLICABILITY DATE."

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 **Section 1.** Section 15-31-201, MCA, is amended to read:

13 "15-31-201. Definitions. (1) For purposes of this
 14 part, the term "small business corporation" means a
 15 corporation doing business in Montana and which has made a
 16 valid election under Subchapter S of Chapter 1 of the
 17 Internal Revenue Code of 1954 and thereafter;

18 (a) has filed a copy thereof of the approved election
 19 with the department on or before the 15th day of the third
 20 month of the taxable year for which the election is to
 21 become effective; or

22 (b) files a copy of the federal Subchapter S corporate
 23 tax return with the tax return filed under this chapter.

24 (2) For purposes of this part, the term "electing
 25 small business corporation" means, with respect to any

1 taxable year, a small business corporation which has made an
 2 election under Subchapter S in effect for such the taxable
 3 year and;

4 (a) has filed a copy of such election with the
 5 department on or before the 15th day of the third month of
 6 the taxable year for which the election is to become
 7 effective; or

8 (b) files a copy of the federal Subchapter S corporate
 9 tax return with the tax return filed under this chapter."

10 **Section 2.** Section 15-31-208, MCA, is amended to read:

11 "15-31-208. Failure to file -- disqualification. If a
 12 corporation does not file a copy of the federal Subchapter S
 13 election on or before the 15th day of the third month of the
 14 taxable year or file a copy of the federal Subchapter S
 15 corporate tax return with the tax return filed under this
 16 chapter, the corporation shall does not qualify as a small
 17 business corporation under this part for the taxable year."

18 **NEW SECTION. Section 3.** Extension of authority. Any
 19 existing authority to make rules on the subject of the
 20 provisions of [this act] is extended to the provisions of
 21 [this act].

22 **NEW SECTION. Section 4.** Effective date and
 23 applicability date. [This act] is effective July 1, 1989,
 24 and applies to all taxable years ending after July 1, 1989.

-End-

APPROVED BY COMMITTEE
ON TAXATION

1 HOUSE BILL NO. 607
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 21 become effective; or

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 3 year and;

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 5 department on or before the 15th day of the third month of
 6 the taxable year for which the election is to become
 7 effective; or

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 13 election on or before the 15th day of the third month of the
 14 taxable year or file a copy of the federal Subchapter S
 15 corporate tax return with the tax return filed under this
 16 chapter, the corporation shall does not qualify as a small
 17 business corporation under this part for the taxable year."

18 **NEW SECTION. Section 3.** Extension of authority. Any
 19 existing authority to make rules on the subject of the
 20 provisions of [this act] is extended to the provisions of
 21 [this act].

22 **NEW SECTION. Section 4.** Effective date and
 23 applicability date. [This act] is effective July 1, 1989,
 24 and applies to all taxable years ending after July 1, 1989.

-End-

SECOND READING

-2-

HB 607

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2 INTRODUCED BY [Signature]
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6 RETURN IS SUFFICIENT TO ESTABLISH THE STATUS OF A MONTANA
7 SMALL BUSINESS CORPORATION FOR INCOME TAX PURPOSES; AMENDING
8 SECTIONS 15-31-201 AND 15-31-208, MCA; AND PROVIDING AN
9 EFFECTIVE DATE AND AN APPLICABILITY DATE."
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 **Section 1.** Section 15-31-201, MCA, is amended to read:
13 "15-31-201. Definitions. (1) For purposes of this
14 part, the term "small business corporation" means a
15 corporation doing business in Montana and which has made a
16 valid election under Subchapter S of Chapter 1 of the
17 Internal Revenue Code of 1954 and thereafter;
18 (a) has filed a copy thereof of the approved election
19 with the department on or before the 15th day of the third
20 month of the taxable year for which the election is to
21 become effective; or
22 (b) files a copy of the federal Subchapter S corporate
23 tax return with the tax return filed under this chapter.
24 (2) For purposes of this part, the term "electing
25 small business corporation" means, with respect to any

1 taxable year, a small business corporation which has made an
2 election under Subchapter S in effect for such the taxable
3 year and;
4 (a) has filed a copy of such election with the
5 department on or before the 15th day of the third month of
6 the taxable year for which the election is to become
7 effective; or
8 (b) files a copy of the federal Subchapter S corporate
9 tax return with the tax return filed under this chapter."
10 **Section 2.** Section 15-31-208, MCA, is amended to read:
11 "15-31-208. Failure to file -- disqualification. If a
12 corporation does not file a copy of the federal Subchapter S
13 election on or before the 15th day of the third month of the
14 taxable year or file a copy of the federal Subchapter S
15 corporate tax return with the tax return filed under this
16 chapter, the corporation ~~shall~~ does not qualify as a small
17 business corporation under this part for the taxable year."
18 **NEW SECTION. Section 3.** Extension of authority. Any
19 existing authority to make rules on the subject of th
20 provisions of [this act] is extended to the provisions of
21 [this act].
22 **NEW SECTION. Section 4.** Effective date and
23 applicability date. [This act] is effective July 1, 1989,
24 and applies to all taxable years ending after July 1, 1989.

-End-

-2-

THIRD READING

HB 607

HOUSE BILL NO. 607
INTRODUCED BY HANNAH

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT FILING A FEDERAL SUBCHAPTER S TAX RETURN WITH THE STATE CORPORATE TAX RETURN IS SUFFICIENT TO ESTABLISH THE STATUS OF A MONTANA SMALL BUSINESS CORPORATION FOR INCOME TAX PURPOSES; AMENDING SECTIONS 15-31-201 AND 15-31-208, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-31-201, MCA, is amended to read:

"15-31-201. Definitions. (1) For purposes of this part, the term "small business corporation" means a corporation doing business in Montana and which has made a valid election under Subchapter S of Chapter 1 of the Internal Revenue Code of 1954 and thereafter:

(a) has filed a copy thereof of the approved election with the department on or before the 15th day of the third month of the taxable year for which the election is to become effective; or

(b) files a copy of the federal Subchapter S corporate tax return with the tax return filed under this chapter.

(2) For purposes of this part, the term "electing small business corporation" means, with respect to any

taxable year, a small business corporation which has made an election under Subchapter S in effect for such the taxable year and:

(a) has filed a copy of such election with the department on or before the 15th day of the third month of the taxable year for which the election is to become effective; or

(b) files a copy of the federal Subchapter S corporate tax return with the tax return filed under this chapter."

Section 2. Section 15-31-208, MCA, is amended to read:

"15-31-208. Failure to file -- disqualification. If a corporation does not file a copy of the federal Subchapter S election on or before the 15th day of the third month of the taxable year or file a copy of the federal Subchapter S corporate tax return with the tax return filed under this chapter, the corporation shall does not qualify as a small business corporation under this part for the taxable year."

NEW SECTION. Section 3. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 4. Effective date and applicability date. [This act] is effective July 1, 1989, and applies to all taxable years ending after July 1, 1989.

-End-