## 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

RECEIVED FROM SENATE.

APRIL 5, 1989

SENT TO ENROLLING.
REPORTED CORRECTLY ENROLLED.

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1	House BILL NO. 607
2	INTRODUCED BY
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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."

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

taxable year, a small business corporation which has made an

uelection under Subchapter S in effect for such the taxable

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 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: 10 \*15-31-208. Failure to file -- disqualification. If a 11 corporation does not file a copy of the federal Subchapter S 12 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 corporate tax return with the tax return filed under this 15 chapter, the corporation shall does not qualify as a small 16 business corporation under this part for the taxable year." 17

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].

22 <u>NEW SECTION.</u> **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-

Montana Legislative Council

-2- INTRODUCED BILL HB 607

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APPROVED BY COMMITTEE ON TAXATION

INTRODUCED BY 1 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT FILING A 4

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: 11

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 22 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 3 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].

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

ox. Montana Legislative Council

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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."

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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 24 25 small business corporation" means, with respect to any

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3	year and:
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• 5	department
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7	effective <u>;</u>
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14	taxable yea
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19	existing a
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21	[this act]
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election under Subchapter S in effect for such the taxable has filed a copy of such election with the on or before the 15th day of the third month of e year for which the election is to become orfiles a copy of the federal Subchapter S corporate with the tax return filed under this chapter." on 2. Section 15-31-208, MCA, is amended to read: 1-208. Failure to file -- disqualification. If a n does not file a copy of the federal Subchapter S n or before the 15th day of the third month of the ar or file a copy of the federal Subchapter S tax return with the tax return filed under this he corporation shall does not qualify as a small corporation under this part for the taxable year." ECTION. Section 3. Extension of authority. Any authority to make rules on the subject of the

taxable year, a small business corporation which has made an

ECTION. 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.

of [this act] is extended to the provisions of

-End-

THIRD READING HB 607

HB 0607/02

1	HOUSE BILL NO. 607
2	INTRODUCED BY HANNAH
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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

2	election under Subchapter S in effect for such $\underline{the}$ 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 ${\bf S}$
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	$\underline{\text{chapter}}$ , the corporation $\underline{\text{shall}}$ $\underline{\text{does}}$ 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 24 taxable year, a small business corporation which has made an

applicability date. [This act] is effective July 1, 1989,

and applies to all taxable years ending after July 1, 1989.

-End-