

HOUSE BILL 2

Introduced by Schye

6/15	Introduced
6/16	Fiscal Note Requested
6/19	Referred to Taxation
6/20	Hearing
6/21	Fiscal Note Received
	Died in Committee

1                    HOUSE    BILL NO. 2  
2    INTRODUCED BY    SCHYE

3  
4    A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING AN ALTERNATIVE  
5    MINIMUM TAX ON MONTANA INDIVIDUAL INCOME; SETTING THE  
6    ALTERNATIVE MINIMUM TAX RATE AT 8.25 PERCENT; AND PROVIDING  
7    AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
8    DATE."

9  
10    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11        NEW SECTION.    **Section 1.**    Montana alternative minimum  
12    tax. (1) A minimum tax must be levied, collected, and paid  
13    for each taxable year commencing after December 31, 1988,  
14    upon the income of every taxpayer subject to the provisions  
15    of this chapter.

16        (2) A person who is a resident of Montana shall file a  
17    Montana alternative minimum tax return if he:

18        (a) is required by section 55 of the Internal Revenue  
19    Code to pay a federal alternative minimum tax; or

20        (b) has received interest from obligations of another  
21    state or political subdivision of another state that is  
22    exempt from taxation pursuant to section 103(a) of the  
23    Internal Revenue Code and the amount of interest exceeds:

24        (i) \$40,000, if married and filing jointly;

25        (ii) \$30,000, if single or head of a household;

1                    (iii) \$20,000, if married and filing separately.

2                    (3) A person who is a nonresident or who is a  
3    part-year resident of Montana shall file a Montana  
4    alternative minimum tax return if he has one or more tax  
5    preference items, as defined in sections 55 through 59 of  
6    the Internal Revenue Code, that are attributable to income  
7    derived from sources in this state and that income exceeds:

8                    (a) \$40,000, if married and filing jointly;

9                    (b) \$30,000, if single or head of a household;

10                   (c) \$20,000, if married and filing separately.

11                   (4) For a resident, the taxpayer's federal alternative  
12    minimum taxable income, less the applicable exemption amount  
13    provided for in section 55 of the Internal Revenue Code,  
14    must be increased by the amount of interest received from  
15    obligations of another state or political subdivision of  
16    another state, which sum is reduced by the following:

17                   (a) all interest received from obligations of the  
18    United States government;

19                   (b) all railroad retirement benefits; and

20                   (c) all income earned by an enrolled member of a  
21    federally recognized Indian tribe while living and working  
22    on a federally established Indian reservation.

23                   (5) (a) For a nonresident or part-year resident, the  
24    taxpayer's federal alternative minimum taxable income, less  
25    the applicable exemption amount provided for in section 55

1 of the Internal Revenue Code, must be prorated to determine  
 2 his Montana alternative minimum taxable income. The prorated  
 3 income is calculated by dividing the Montana adjusted gross  
 4 income determined pursuant to 15-30-131 by the federal  
 5 adjusted gross income and multiplying this percentage by the  
 6 taxpayer's federal alternative minimum taxable income.

7 (b) The taxpayer's prorated Montana alternative  
 8 minimum taxable income is then adjusted to include the  
 9 interest received from obligations of another state or a  
 10 political subdivision of another state if the interest is  
 11 used in a trade, occupation, or business carried on in this  
 12 state.

13 (c) The taxpayer's prorated Montana alternative  
 14 minimum taxable income is then reduced by:

15 (i) all interest received from obligations of the  
 16 United States government;

17 (ii) all railroad retirement benefits; and

18 (iii) all income earned by an enrolled member of a  
 19 federally recognized Indian tribe while living and working  
 20 on a federally established Indian reservation.

21 (d) For residents, nonresidents, and part-year  
 22 residents, a tax rate of 8.25% must be applied to the  
 23 Montana alternative minimum taxable income. The taxpayer  
 24 shall pay the greater amount of the Montana alternative  
 25 minimum tax or the tax provided for in:

1 (i) 15-30-111, if a resident; or

2 (ii) 15-30-131, if a nonresident or part-year resident.

3 (6) Each taxpayer shall furnish with his Montana  
 4 alternative minimum tax return a copy of his federal  
 5 alternative minimum tax return.

6 NEW SECTION. Section 2. Codification instruction.  
 7 [Section 1] is intended to be codified as an integral part  
 8 of Title 15, chapter 30, part 1, and the provisions of Title  
 9 15, chapter 30, apply to [section 1].

10 NEW SECTION. Section 3. Retroactive applicability.  
 11 [This act] applies retroactively, within the meaning of  
 12 1-2-109, to taxable years beginning after December 31, 1988.

13 NEW SECTION. Section 4. Effective date. [This act] is  
 14 effective on passage and approval.

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