HOUSE BILL 27

Introduced by Daily

| | |
|---|---|
| 7/08 | Introduced |
| 7/08 | Referred to Taxation |
| 7/08 | First Reading |
| 7/08 | Fiscal Note Requested |
| 7/10 | Hearing |
| 7/10 | Fiscal Note Received |
| 7/10 | Fiscal Note Printed |
| 7/16 | Committee Report--Bill Passed as Amended |
| 7/16 | 2nd Reading Passed |
| 7/17 | Revised Fiscal Note Requested |
| 7/17 | Revised Fiscal Note Received |
| 7/17 | Revised Fiscal Note Printed |
| 7/17 | 3rd Reading Passed |
| | Transmitted to Senate |
| 7/17 | Referred to Taxation |
| 7/17 | First Reading |
| 7/17 | Hearing |
| | Died in Committee |

House BILL NO. 27

INTRODUCED BY [signature]

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A MINIMUM INCOME TAX ON ADJUSTED GROSS INCOME OVER $15,000 FOR SINGLE TAXPAYERS OR MARRIED TAXPAYERS FILING SEPARATELY AND $30,000 FOR MARRIED TAXPAYERS FILING JOINTLY; PROVIDING THAT THE TAX ON ADJUSTED GROSS INCOME BE LEVIED ONLY IF IT RESULTS IN MORE TAX LIABILITY THAN THE GRADUATED TAX ON TAXABLE INCOME; PROVIDING A MINIMUM CORPORATION LICENSE AND INCOME TAX AMOUNT OF 3 PERCENT OF A CORPORATION'S GROSS INCOME; AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112, 15-30-122, 15-30-137, AND 15-31-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** Section 15-30-103, MCA, is amended to read:

"**15-30-103. Rate of tax.** (1) There shall be levied, collected, and paid for each taxable year commencing on or after December 31, ~~1968~~ 1991, a tax under subsection (1)(a) or (1)(b), whichever results in the greater payment by the taxpayer:

(a) upon the taxable income of every taxpayer subject to this tax, after making allowance for exemptions and





deductions as ~~hereinafter~~ provided in this title, ~~a tax~~ on the following brackets of taxable income as adjusted under subsection (2) at the following rates:

~~(a)~~(i) on the first $1,000 of taxable income or any part thereof, 2%;

~~(b)~~(ii) on the next $1,000 of taxable income or any part thereof, 3%;

~~(c)~~(iii) on the next $2,000 of taxable income or any part thereof, 4%;

~~(d)~~(iv) on the next $2,000 of taxable income or any part thereof, 5%;

~~(e)~~(v) on the next $2,000 of taxable income or any part thereof, 6%;

~~(f)~~(vi) on the next $2,000 of taxable income or any part thereof, 7%;

~~(g)~~(vii) on the next $4,000 of taxable income or any part thereof, 8%;

~~(h)~~(viii) on the next $6,000 of taxable income or any part thereof, 9%;

~~(i)~~(ix) on the next $15,000 of taxable income or any part thereof, 10%;

~~(j)~~(x) on any taxable income in excess of $35,000 or any part thereof, 11%~~.~~; or

(b) at the following rate on the taxpayer's adjusted gross income, as determined under 15-30-111, if the adjusted



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gross income exceeds:

| Percent | Single/Married Separately | Married Joint |
|---|---|---|
| 3% | $15,000 | $30,000 |
| 4% | 30,000 | 60,000 |
| 5% | 60,000 | 120,000 |
| 6% | 90,000 | 180,000 |
| 7% | 120,000 | 240,000 |
| 8% | 150,000 | 300,000 |
| 9% | 180,000 | 360,000 |
| 10% | 210,000 | 420,000 |
| 11% | 240,000 | 480,000 |

(2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1)(a) by the inflation factor for that taxable year and round the cumulative brackets to the nearest $100. The resulting adjusted brackets are effective for that taxable year and shall be used as the basis for imposition of the tax in subsection (1)(a) ~~of this section~~."

**Section 2.** Section 15-30-105, MCA, is amended to read:

"**15-30-105. Tax on nonresident -- alternative tax based on gross sales.** (1) A like tax is imposed upon every person not resident of this state, which tax shall be levied, collected, and paid annually at the rates specified in 15-30-103 with respect to ~~his~~ the taxpayer's entire net income, as ~~herein~~ defined in 15-30-101, or, if applicable, the taxpayer's adjusted gross income, as determined under 15-30-111, from all property owned and from every business, trade, profession, or occupation carried on in this state.





(2) Pursuant to the provisions of Article III, section 2, of the Multistate Tax Compact, every nonresident taxpayer required to file a return and whose only activity in Montana consists of making sales and who does not own or rent real estate or tangible personal property within Montana and whose annual gross volume of sales made in Montana during the taxable year does not exceed $100,000 may elect to pay an income tax of 1/2 of 1% of the dollar volume of gross sales made in Montana during the taxable year. Such tax shall be in lieu of the tax imposed under 15-30-103. The gross volume of sales made in Montana during the taxable year shall be determined according to the provisions of Article IV, sections 16 and 17, of the Multistate Tax Compact."

**Section 3.** Section 15-30-112, MCA, is amended to read:

"**15-30-112. Exemptions.** (1) Except as provided in subsections (7) and (8), in the case of an individual, the exemptions provided by subsections (2) through (6) shall be allowed as deductions in computing taxable income.

(2) (a) An exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the taxpayer.

(b) An additional exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(3) (a) An additional exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the taxpayer if he has attained the age of 65 before the close of his taxable year.

(b) An additional exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse has attained the age of 65 before the close of such taxable year and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(4) (a) An additional exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the taxpayer if he is blind at the close of his taxable year.

(b) An additional exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse is blind and, for the calendar





year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer. For the purposes of this subsection (4)(b), the determination of whether the spouse is blind shall be made as of the close of the taxable year of the taxpayer, except that if the spouse dies during such taxable year, such determination shall be made as of the time of such death.

(c) For purposes of this subsection (4), an individual is blind only if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) (a) An exemption of $800 shall be allowed for taxable years beginning after December 31, 1978, for each dependent:

(i) whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than $800; or

(ii) who is a child of the taxpayer and who:

(A) has not attained the age of 19 years at the close of the calendar year in which the taxable year of the taxpayer begins; or

(B) is a student.

(b) No exemption shall be allowed under this subsection for any dependent who has made a joint return with his spouse for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.

(c) For purposes of subsection (5)(a)(ii), the term "child" means an individual who is a son, stepson, daughter, or stepdaughter of the taxpayer.

(d) For purposes of subsection (5)(a)(ii)(B), the term "student" means an individual who, during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins:

(i) is a full-time student at an educational institution; or

(ii) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a state or political subdivision of a state. For purposes of this subsection (5)(d)(ii), the term "educational institution" means only an educational institution which normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on.

(6) In the case of a nonresident taxpayer, the exemption deduction shall be prorated according to the ratio the taxpayer's Montana adjusted gross income bears to his





federal adjusted gross income.

(7) For taxable years beginning after December 31, 1978, and before January 1, 1981, the amount allowed as a deduction in subsections (2) through (6) shall be adjusted as provided under section 9, Chapter 698, Laws of 1979 as amended by section 4, Chapter 548, Laws of 1981.

(8) For taxable years beginning after December 31, 1980, the department, by November 1 of each year, shall multiply all the exemptions provided in this section unadjusted by subsection (7) by the inflation factor for that taxable year and round the product to the nearest $10. The resulting adjusted exemptions are effective for that taxable year and shall be used in calculating the tax imposed in 15-30-103(1)(a)."

**Section 4.** Section 15-30-122, MCA, is amended to read:

"**15-30-122. Standard deduction.** (1) In the case of a resident individual, a standard deduction equal to 20% of adjusted gross income shall be allowed if elected by the taxpayer on his return. The standard deduction shall be in lieu of all deductions allowed under 15-30-121. The maximum standard deduction shall be $1,500, as adjusted under the provisions of subsection (2), except that in the case of a single joint return of husband and wife or in the case of a single individual who qualifies to file as a head of household on his federal income tax return, the maximum standard deduction shall be $3,000, as adjusted under the provisions of subsection (2). The standard deduction shall not be allowed to either the husband or the wife if the tax of one of the spouses is determined without regard to the standard deduction. For purposes of this section, the determination of whether an individual is married shall be made as of the last day of the taxable year; provided, however, if one of the spouses dies during the taxable year, the determination shall be made as of the date of death.

(2) By November 1 of each year, the department shall multiply the maximum standard deduction for single returns by the inflation factor for that taxable year and round the product to the nearest $10. The standard deduction for joint returns and qualified head of household returns shall be twice the amount for single returns. The resulting adjusted deductions are effective for that taxable year and shall be used in calculating the tax imposed in 15-30-103(1)(a)."

**Section 5.** Section 15-30-137, MCA, is amended to read:

"**15-30-137. Determination of tax of estates and trusts.** The amount of tax must be determined from the taxable or, if appropriate, the adjusted gross income of an estate or trust in the same manner as the tax on ~~taxable~~ income of individuals, by applying the rates contained in 15-30-103. Credits allowed individuals under Title 15, chapter 30, also apply to estates and trusts when applicable."





**Section 6.** Section 15-31-121, MCA, is amended to read:

"**15-31-121. Rate of tax -- minimum tax -- surtax.** (1) Except as provided in subsection (2), the percentage of net income to be paid under 15-31-101 shall be 6 3/4% of all net income for the taxable period. The rate set forth in this subsection (1) shall be effective for all taxable years ending on or after February 28, 1971. This rate is retroactive to and effective for all taxable years ending on or after February 28, 1971.

(2) For a taxpayer making a water's-edge election, the percentage of net income to be paid under 15-31-101 shall be 7% of all taxable net income for the taxable period.

(3) Every corporation subject to taxation under this part shall, in any event, pay a minimum tax of not less than ~~$50~~ 3% of all gross income, as defined in 15-31-113, for the taxable period.

(4) After the amount of tax liability has been computed under subsections (1) through (3), each corporation subject to taxation under this part shall add, as a surtax for tax year 1988, 4% of the tax liability, and the amount so derived is the amount due the state."

NEW SECTION. **Section 7. Effective date -- retroactive applicability.** [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0027, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:
An act establishing a minimum income tax on adjusted gross income over $15,000 for single taxpayers or married taxpayers filing separately and $30,000 for married taxpayers filing jointly; providing that the tax on adjusted gross income be levied only if it results in more tax liability than the graduated tax on taxable income; providing a minimum corporation license and income tax amount of 3 percent of a corporation's gross income and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:
1. Individual income tax collections in fiscal year 1993 are $336,752,000 (OBPP).
2. The proposed legislation results in an increase in tax year 1992 liabilities for full-year residents in the amount of $30.9 million; total tax year 1992 increase for all filers (including part-year and nonresidents) is $32.5 million.
3. A significant portion of this increase in liability will not be collected until fiscal year 1994, due to those filers who receive a 6-month extension. The department estimates this amount of the total increase in liability to be 55 percent, or $17.9 million.
4. This results in a net fiscal year 1993 impact of $ 14.6 million.

FISCAL IMPACT:
Revenues:

| | FY1993 | | |
|---|---|---|---|
| | Current Law | Proposed Law | Change |
| Individual Income Tax | $336,752,000 | $351,352,000 | $14,600,000 |
| Fund Distribution: | | | |
| General Fund | 211,480,000 | 220,649,000 | 9,169,000 |
| School Equalization | 95,974,000 | 100,135,000 | 4,161,000 |
| Debt Service | 29,298,000 | 30,568,000 | 1,270,000 |

7/10/92
STEVE YEAKEL, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

FRED "FRITZ" DAILY, PRIMARY SPONSOR DATE

Fiscal Note for HB0027, as introduced

HB 27

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
In the first year of legislation, extension filers will be able to delay paying the incremental tax due from this proposal until fiscal year 1994. However, these filers are required to pay 100% of their previous year's liability by April 15, 1994. This results in a revenue impact of approximately $50.4 million in FY1994.

TECHNICAL NOTES:
The bill does not provide for a minimum tax rate schedule for head of household filers; consequently, these filers are unaffected by the proposal as introduced. The proposal provides for a minimum tax on corporations equal to 3% of "gross income", as defined in 15-31-113. This definition relates to federal gross income before any allocation of income to Montana, which would result in the state attempting to levy a tax on the national sales of corporations doing business in Montana. This appears to be beyond the reach of the state's jurisdiction.

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0027, as amended.

SCRIPTION OF PROPOSED LEGISLATION:

act imposing an alternative minimum tax on Montana individual income; setting the alternative minimum tax rate at 8.25 rcent; and providing an immediate effective date and a retroactive applicability date.

SUMPTIONS:

Individual income tax collections in fiscal year 1993 are $336,702,000 (ROC).
The alternative minimum tax provided for in this bill is based on the federal alternative minimum tax. Federal tax data indicate that the federal alternative minimum tax increased federal revenue by 0.46% in 1987; 0.25% in 1988; and 0.19% in 1989.
A state alternative minimum tax closely patterned after the federal tax is assumed to increase state revenue approximately 0.29 percent.
The bill applies to tax year 1992. All persons affected by this bill will file using an extension to October, 1993.

SCAL IMPACT:

evenues:

ecause all filers impacted by this bill are assumed to file using an extension to October, 1994, there is no impact of the roposal in fiscal year 1993. Fiscal year 1994 revenues are projected to rise by approximately $1,953,000.

7/17/92
STEVE YEAKEL, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

7-17-92
FRED "FRITZ" DAILY, PRIMARY SPONSOR DATE
Fiscal Note for HB0027, as amended

HB 27 - Amended

APPROVED BY COMMITTEE
ON TAXATION

HOUSE BILL NO. 27

INTRODUCED BY DAILY

A BILL FOR AN ACT ENTITLED: "AN ACT ~~ESTABLISHING A MINIMUM INCOME TAX ON ADJUSTED GROSS INCOME OVER $15,000 FOR SINGLE TAXPAYERS OR MARRIED TAXPAYERS FILING SEPARATELY AND $30,000 FOR MARRIED TAXPAYERS FILING JOINTLY; PROVIDING THAT THE TAX ON ADJUSTED GROSS INCOME BE LEVIED ONLY IF IT RESULTS IN MORE TAX LIABILITY THAN THE GRADUATED TAX ON TAXABLE INCOME; PROVIDING A MINIMUM CORPORATION LICENSE AND INCOME TAX AMOUNT OF 3 PERCENT OF A CORPORATION'S GROSS INCOME; AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112, 15-30-122, 15-30-137, AND 15-31-121, MCA~~ IMPOSING AN ALTERNATIVE MINIMUM TAX ON MONTANA INDIVIDUAL INCOME; SETTING THE ALTERNATIVE MINIMUM TAX RATE AT 8.25 PERCENT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

NEW SECTION. **Section 1. Montana alternative minimum tax.** (1) A minimum tax must be levied, collected, and paid for each tax year commencing after December 31, 1991, upon the income of every taxpayer subject to the provisions of





this chapter.

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

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

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

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

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

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

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

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

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

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

(4) For a resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be increased by the amount of interest received from

obligations of another state or political subdivision of another state, which sum is reduced by the following:

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

(b) all railroad retirement benefits; and

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

(5) (a) For a nonresident or part-year resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be prorated to determine the Montana alternative minimum taxable income. The prorated income is calculated by dividing the Montana adjusted gross income determined pursuant to 15-30-131 by the federal adjusted gross income and multiplying this percentage by the taxpayer's federal alternative minimum taxable income.

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

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

(i) all interest received from obligations of the





United States government;

(ii) all railroad retirement benefits; and

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

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

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

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

(6) Each taxpayer shall furnish with the Montana alternative minimum tax return a copy of the federal alternative minimum tax return.

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

NEW SECTION. **Section 3. Effective date -- retroactive applicability.** [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1991.

-End-

HOUSE BILL NO. 27

INTRODUCED BY DAILY

A BILL FOR AN ACT ENTITLED: "AN ACT ~~ESTABLISHING A MINIMUM INCOME TAX ON ADJUSTED GROSS INCOME OVER $15,000 FOR SINGLE TAXPAYERS OR MARRIED TAXPAYERS FILING SEPARATELY AND $30,000 FOR MARRIED TAXPAYERS FILING JOINTLY; PROVIDING THAT THE TAX ON ADJUSTED GROSS INCOME BE LEVIED ONLY IF IT RESULTS IN MORE TAX LIABILITY THAN THE GRADUATED TAX ON TAXABLE INCOME; PROVIDING A MINIMUM CORPORATION LICENSE AND INCOME TAX AMOUNT OF 3 PERCENT OF A CORPORATION'S GROSS INCOME; AMENDING SECTIONS 15-30-103, 15-30-105, 15-30-112, 15-30-122, 15-30-137, AND 15-31-121, MCA~~ IMPOSING AN ALTERNATIVE MINIMUM TAX ON MONTANA INDIVIDUAL INCOME; SETTING THE ALTERNATIVE MINIMUM TAX RATE AT 8.25 PERCENT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

NEW SECTION. **Section 1.** **Montana alternative minimum tax.** (1) A minimum tax must be levied, collected, and paid for each tax year commencing after December 31, 1991, upon the income of every taxpayer subject to the provisions of this chapter.

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

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

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

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

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

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

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

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

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

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

(4) For a resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be increased by the amount of interest received from



THIRD READING

obligations of another state or political subdivision of another state, which sum is reduced by the following:

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

(b) all railroad retirement benefits; and

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

(5) (a) For a nonresident or part-year resident, the taxpayer's federal alternative minimum taxable income, less the applicable exemption amount provided for in section 55 of the Internal Revenue Code, must be prorated to determine the Montana alternative minimum taxable income. The prorated income is calculated by dividing the Montana adjusted gross income determined pursuant to 15-30-131 by the federal adjusted gross income and multiplying this percentage by the taxpayer's federal alternative minimum taxable income.

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

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

(i) all interest received from obligations of the





United States government;

(ii) all railroad retirement benefits; and

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

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

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

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

(6) Each taxpayer shall furnish with the Montana alternative minimum tax return a copy of the federal alternative minimum tax return.

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

NEW SECTION. **Section 3.** **Effective date -- retroactive applicability.** [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1991.

-End-