

1 and expenses as provided to members of the legislature in 5-2-302(2) while attending commission meetings
2 or carrying out the official duties of the commission."

3

4 **Section 3.** Section 5-2-203, MCA, is amended to read:

5 **"5-2-203. Compensation and expenses.** (1) Members of the legislature attending the pre-session
6 caucus are entitled to receive compensation and expenses as provided in 5-2-302.

7 (2) While engaged in pre-session business, members nominated to serve as officers of the legislature
8 and members of the committees named in 5-2-202 are entitled to receive compensation and expenses as
9 provided in 5-2-302.

10 (3) A member-elect of the legislature attending the pre-session caucus or, while engaged in
11 pre-session business, nominated to serve as an officer of the legislature or as a member of a committee
12 named in 5-2-202 is entitled to receive compensation and expenses as provided in 5-2-302(2)."

13

14 **Section 4.** Section 5-11-301, MCA, is amended to read:

15 **"5-11-301. Functions of legislative council -- interstate cooperation.** It ~~shall be~~ is a function of the
16 legislative council to:

17 (1) carry forward the participation of the state of Montana as a member of the council of state
18 governments, and the legislative council is ~~hereby~~ designated as the Montana commission on interstate
19 cooperation;

20 (2) encourage and assist the government of this state to develop and maintain friendly contact by
21 correspondence, by conference, and otherwise with the other states, with the federal government, and with
22 local units of government;

23 (3) establish ~~such~~ delegations and committees ~~as may be deemed~~ that are considered advisable
24 to confer with similar delegations and committees from other states concerning problems of mutual interest.
25 The membership of ~~such~~ these delegations and committees may consist of legislators and employees of
26 the state other than members of the legislative council. ~~Members~~ A legislator who is a member of ~~such~~
27 ~~delegations and committees shall~~ a delegation or committee described in this subsection must be
28 reimbursed and compensated as provided in 5-2-302.

29 (4) endeavor to advance cooperation between this state and other units of government whenever
30 it seems advisable to do so by formulating proposals for interstate compacts and reciprocal or uniform

1 legislation and by facilitating the adoption of uniform or reciprocal administrative rules and regulations,
2 informal cooperation of governmental offices, personal cooperation among governmental officials and
3 employees, interchange and clearance of research and information, and any other suitable process;

4 (5) make appointments to any policy committee established by the Pacific Northwest economic
5 region as provided in 5-11-703(2)."

6
7
8 **Section 5.** Section 15-30-111, MCA, is amended to read:

9 "**15-30-111. Adjusted gross income.** (1) Adjusted gross income ~~shall be~~ is the taxpayer's federal
10 income tax adjusted gross income as defined in section 62 of the Internal Revenue Code of 1954 or as that
11 section may be labeled or amended and in addition ~~shall include~~ includes the following:

12 (a) interest received on obligations of another state or territory or county, municipality, district, or
13 other political subdivision thereof;

14 (b) refunds received of federal income tax, to the extent the deduction of ~~such~~ the tax resulted in
15 a reduction of Montana income tax liability;

16 (c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue
17 Code of 1954, that has been reduced by any federal taxes paid by the subchapter S. corporation on the
18 income; and

19 (d) depreciation or amortization taken on a title plant as defined in 33-25-105(15).

20 (2) Notwithstanding the provisions of the federal Internal Revenue Code of 1954, as labeled or
21 amended, adjusted gross income does not include the following, which are exempt from taxation under this
22 chapter:

23 (a) all interest income from obligations of the United States government, the state of Montana,
24 county, municipality, district, or other political subdivision thereof;

25 (b) interest income earned by a taxpayer age 65 or older in a taxable year up to and including \$800
26 for a taxpayer filing a separate return and \$1,600 for each joint return;

27 (c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income
28 received as defined in 15-30-101;

29 (ii) for pension and annuity income described under subsection (2)(c)(i), as follows:

30 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total

1 amount of the exclusion provided in (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in excess
2 of \$30,000 as shown on the taxpayer's return;

3 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
4 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided
5 in subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of
6 \$30,000 as shown on their joint return;

7 (d) all Montana income tax refunds or tax refund credits;

8 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

9 (f) all tips covered by section 3402(k) of the Internal Revenue Code of 1954, as amended and
10 applicable on January 1, 1983, received by persons for services rendered by them to patrons of premises
11 licensed to provide food, beverage, or lodging;

12 (g) all benefits received under the workers' compensation laws;

13 (h) all health insurance premiums paid by an employer for an employee if attributed as income to
14 the employee under federal law; and

15 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against
16 a manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";
17 and

18 (j) all income received pursuant to 5-2-302(1).

19 (3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l)
20 shall include in ~~his~~ the shareholder's adjusted gross income the earnings and profits of the DISC in the same
21 manner as provided by federal law (section 995, Internal Revenue Code) for all periods for which the DISC
22 election is effective.

23 (4) A taxpayer who, in determining federal adjusted gross income, has reduced ~~his~~ business
24 deductions by an amount for wages and salaries for which a federal tax credit was elected under section
25 44B of the Internal Revenue Code of 1954 or as that section may be labeled or amended is allowed to
26 deduct the amount of the wages and salaries paid regardless of the credit taken. The deduction must be
27 made in the year the wages and salaries were used to compute the credit. In the case of a partnership or
28 small business corporation, the deduction must be made to determine the amount of income or loss of the
29 partnership or small business corporation.

30 (5) Married taxpayers filing a joint federal return who must include part of their social security

1 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the
2 federal base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad
3 retirement benefits when they file separate Montana income tax returns. The federal base must be split
4 equally on the Montana return.

5 (6) A taxpayer receiving retirement disability benefits who has not attained age 65 by the end of
6 the taxable year and who has retired as permanently and totally disabled may exclude from adjusted gross
7 income up to \$100 per week received as wages or payments in lieu of wages for a period during which the
8 employee is absent from work due to the disability. If the adjusted gross income before this exclusion and
9 before application of the two-earner married couple deduction exceeds \$15,000, the excess reduces the
10 exclusion by an equal amount. This limitation affects the amount of exclusion, but not the taxpayer's
11 eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the
12 limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined
13 adjusted gross income. For the purpose of this subsection, permanently and totally disabled means unable
14 to engage in any substantial gainful activity by reason of any medically determined physical or mental
15 impairment lasting or expected to last at least 12 months. (Subsection (2)(f) terminates on occurrence of
16 contingency--sec. 3, Ch. 634, L. 1983.)"

17
18 **Section 6.** Section 75-1-302, MCA, is amended to read:

19 "**75-1-302. Meetings -- compensation.** The council may determine the time and place of its
20 meetings but shall meet at least once each quarter. Each member of the council is entitled to receive
21 compensation and expenses as provided in 5-2-302(2). Members who are full-time salaried officers or
22 employees of this state may not be compensated for their service as members but ~~shall~~ must be reimbursed
23 for their expenses."

24
25 **NEW SECTION. Section 7. Contingent effective dates.** (1) If funds are specifically appropriated
26 for the purposes of [this act] during the 54th legislative session, [this act] is effective July 1, 1995.

27 (2) If funds are not specifically appropriated for the purposes of [this act] during the 54th legislative
28 session, [this act] is effective July 1, 1997.

29 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0190, as Introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing legislators \$100 a month for each month when the legislature is not in session for reimbursement of expenses incurred by legislators during the interim; exempting the reimbursements from Montana individual income taxes.

ASSUMPTIONS:

1. Funds will be appropriated for the 1997 biennium if this bill is passed, making this bill effective July 1, 1995.
2. The Legislature meets for 4 months in odd numbered years.
2. There will be no special sessions of the Legislature.
3. Each of the 150 legislators will be reimbursed \$100 per month for the 20 months of the interim.

FISCAL IMPACT:

Expenditures:

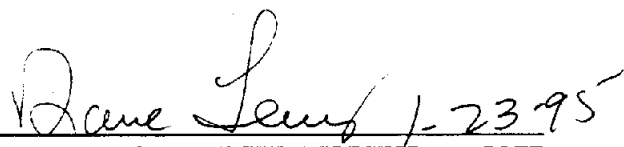
	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Legislative Council:		
Operating expenses	180,000	120,000

Funding:

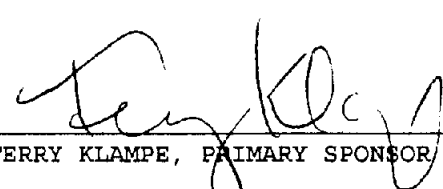
General fund (01)	180,000	120,000
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LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Because of the contingent effective dates in this bill, the bill becomes effective in the biennium (1997 or 1999) in which funds are appropriated. This fiscal note assumes the 1997 biennium. If funds are not appropriated for the 1997 biennium, obviously there would be no impact, but a \$300,000 impact would begin in the 1999 biennium and remain thereafter.



 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning



 TERRY KLAMPE, PRIMARY SPONSOR DATE
 Fiscal Note for SB0190, as Introduced

SB 190