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*House* BILL NO. 566  
*Menahan*

INTRODUCED BY \_\_\_\_\_  
A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE AMOUNT OF LIFE INSURANCE THAT IS NOT CONSIDERED PART OF AN ESTATE; AMENDING SECTION 72-16-304, 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 72-16-304, MCA, is amended to read:

**"72-16-304. Insurance proceeds part of estate -- exemption.** All insurance payable upon the death of any person over and above ~~\$50,000~~ \$250,000 ~~shall be deemed~~ is considered a part of the property and estate passing to the person or persons entitled to receive ~~the same~~ it and, if payable to more than one person, the ~~\$50,000~~ \$250,000 exemption ~~shall~~ must be prorated between ~~such~~ those persons in proportion to the amount of insurance payable to each."

**NEW SECTION. Section 2. Effective date -- retroactive applicability.** [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to the estates of persons dying after December 31, 1996.

-END-

STATE OF MONTANA - FISCAL NOTE  
Fiscal Note for HB0566, as introduced

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DESCRIPTION OF PROPOSED LEGISLATION:

An act to increase the amount of life insurance that is not considered part of an estate; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

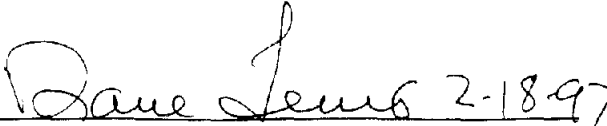
Expenditures:

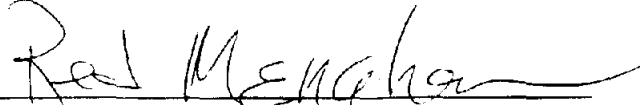
There is no impact on Department of Revenue administrative expenses under this bill.

Revenues:

This bill would reduce revenue from the inheritance tax by increasing the amount of insurance proceeds exempt from inheritance tax from \$50,000 to \$250,000. However, most of the insurance proceeds in inheritance tax cases are distributed to spouses or lineal descendants, who are free from inheritance tax in any event.

The revenue loss of the proposal stems only from increasing the exemption for inheritance taxes paid by persons other than spouses and lineal descendants. The Department does not have sufficient data on which to base an estimate of this revenue impact.

  
\_\_\_\_\_  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

  
\_\_\_\_\_  
RED MENAHAN, PRIMARY SPONSOR DATE  
Fiscal Note for HB0566, as introduced  
HB 566

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INTRODUCED BY Menahan <sup>House</sup> BILL NO. 566

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HOUSE BILL NO. 566

INTRODUCED BY MENAHAN

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