

HOUSE BILL NO. 206

INTRODUCED BY H. KLOCK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM INDIVIDUAL INCOME TAXATION THE SALARY
5 RECEIVED BY A MONTANA RESIDENT UNDER TITLE 10 OR 32 OF THE UNITED STATES CODE AND THE
6 SALARY RECEIVED BY A RESIDENT MEMBER OF THE STATE MILITIA WHILE ON STATE MILITARY DUTY;
7 AMENDING SECTION 15-30-116, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A
8 RETROACTIVE APPLICABILITY DATE."

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

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12 **Section 1.** Section 15-30-116, MCA, is amended to read:
13 **"15-30-116. Veterans' bonus, military salary, or death benefit -- exemptions.** (1) All payments made
14 under the World War I bonus law, the Korean bonus law, and the veterans' bonus law are exempt from taxation
15 under this chapter. Any income tax that has been or may be paid on income received from the World War I bonus
16 law, Korean bonus law, and the veterans' bonus law is considered an overpayment and must be refunded upon
17 the filing of an amended return and a verified claim for refund on forms prescribed by the department in the same
18 manner as other income tax refund claims are paid.

19 (2) The salary received ~~from the armed forces by residents a resident~~ of Montana ~~who are serving on~~
20 ~~active duty in the regular armed forces and who entered into active duty from Montana~~ under the provisions of
21 Title 10 or 32 of the United States Code for military service, including service in the national guard or as a
22 reservist in the armed forces, is exempt from ~~state income tax~~ taxation under this chapter.

23 (3) The salary received by a Montana resident who is a member of the state militia provided for in
24 10-1-103 for state military duty is exempt from taxation under this chapter.

25 ~~(3)~~(4) The amount received pursuant to 10-1-1114 or from the federal government by a service member,
26 as defined in 10-1-1112, as reimbursement for group life insurance premiums paid is considered to be a bonus
27 and is exempt from taxation under this chapter.

28 ~~(4)~~(5) The amount received by a beneficiary pursuant to 10-1-1201 is exempt from taxation under this
29 chapter."
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