

HOUSE BILL NO. 395

INTRODUCED BY D. MCALPIN

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A BILL FOR AN ACT ENTITLED: "AN ACT ADDING A NEW BRACKET TO INDIVIDUAL INCOME TAX RATES THAT LEVIES A 7.9 PERCENT TAX ON CERTAIN TAXABLE INCOME; AMENDING SECTION 15-30-103, 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 must be levied, collected, and paid for each tax year upon the taxable income of each taxpayer subject to this tax, after making allowance for exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income as follows:

- (a) on the first \$2,300 of taxable income or any part of that income, 1%;
- (b) on the next \$1,800 of taxable income or any part of that income, 2%;
- (c) on the next \$2,100 of taxable income or any part of that income, 3%;
- (d) on the next \$2,200 of taxable income or any part of that income, 4%;
- (e) on the next \$2,400 of taxable income or any part of that income, 5%;
- (f) on the next \$3,100 of taxable income or any part of that income, 6%;
- (g) on ~~any taxable income in excess of \$13,900~~ the next \$236,100 or any part of that income, 6.9%;
- (h) on any taxable income in excess of \$250,000 or any part of that income 7.9%.

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

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2008.

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