SENATE TAXATION
EXHIBIT NO. 8
DATE 2.4.09
BILL NO. SB211
Adopted

Amendments to Senate Bill No. 211
1st Reading Copy

Requested by Senator David Wanzenried

For the Senate Taxation Committee

Prepared by Lee Heiman
January 23, 2009 (3:52pm)

1. Title, line 8.
Strike: "APPLYING SPECIAL RULES TO CAPTIVE INSURANCE COMPANIES;"

2. Title, line 12.
Strike: "AMENDING SECTION 33-2-705, MCA;"

3. Page 2, line 1 through line 2.
Strike: "80%" on line 1 through "corporation." on line 2
Insert: "the total amount of qualified dividends allowed as a deduction for federal income tax purposes"

4. Page 3, line 17 through line 25.
Strike: subsection (11) in its entirety
Renumber: subsequent subsections

5. Page 4, line 21 through page 5, line 26.
Strike: section 3 in its entirety
Renumber: subsequent sections

6. Page 6, line 18 through line 20.
Strike: subsection (v) in its entirety

7. Page 6, line 24.
Strike: "5"
Insert: "4"

8. Page 9, line 2.
Strike: "4(2)"
Insert: "3(2)"

9. Page 10, line 26 through line 27.
Following: "0.10"
Strike: "or, if" on line 26 through "0.40" on line 27 in their entirety

10. Page 11, following line 30.
Insert: " (7) The provisions of this section do not apply to an insurer involved in a proceeding under the Insurers Supervision, Rehabilitation, and Liquidation Act, Title 33, chapter 2, part 13, or any similar proceeding brought by any

other state insurance commissioner.

Insert: "NEW SECTION. **Section 6. Legitimate business purpose.** (1) If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is greater than or equal to 60%, as determined under [section 2], then the provisions of [sections 2 through 5] do not apply.

(2) If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is less than 60%, as determined under [section 2], and upon an adequate showing by a taxpayer that a transaction referred to in [sections 2 through 5] was entered into with a legitimate business purpose, the department may grant relief from the application of [this act]."

Renumber: subsequent sections

11. Page 12, line 2 through page 12, line 22.

Following: "authority." on line 2

Strike: "To implement" on line 2 through "state." on line 22

Insert: "The department may adopt rules that are necessary to implement and administer the provisions of [sections 1 through 6]."

12. Page 12, line 24 through page 14, line 4.

Strike: section 8 in its entirety

Renumber: subsequent sections

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