

1 SENATE BILL NO. 199

2 INTRODUCED BY J. BALYEAT

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN PROVISIONS RELATED TO THE
 5 ADMINISTRATION OF INDIVIDUAL INCOME TAXES; REVISING THE UNIFORM PENALTY ASSESSMENTS
 6 ON DELINQUENT INDIVIDUAL INCOME TAXES AND CERTAIN OTHER TAXES; PROVIDING THAT
 7 INTEREST ASSESSMENTS ON DELINQUENT INCOME TAXES ARE BASED ONLY ON THE FEDERAL
 8 UNDERPAYMENT RATE ASSESSED AGAINST INDIVIDUAL INCOME TAXPAYERS; CLARIFYING THE
 9 TAXATION OF FEDERAL INCOME TAX REFUNDS; PROVIDING THAT UNDERPAYMENT INTEREST ON
 10 ESTIMATED INDIVIDUAL INCOME TAXES IS NOT REQUIRED UNDER CERTAIN CONDITIONS; AMENDING
 11 SECTIONS 15-1-216, 15-30-2110, AND 15-30-2512, MCA; AND PROVIDING EFFECTIVE DATES AND
 12 APPLICABILITY DATES."

13

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

15

16 **Section 1.** Section 15-1-216, MCA, is amended to read:

17 **"15-1-216. Uniform penalty and interest assessments for violation of tax provisions -- applicability**
 18 **-- exceptions -- uniform provision for interest on overpayments.** (1) A person who fails to file a required tax
 19 return or other report with the department by the due date, including any extension of time, of the return or report
 20 must be assessed a late filing penalty of \$50 or the amount of the tax due, whichever is less.

21 (2) (a) (i) Except as provided in ~~subsection~~ subsections (2)(a)(ii) and (2)(b), a person who fails to pay
 22 a tax when due must be assessed a late payment penalty of ~~4.2%~~ 0.5% a month ~~or fraction of a month~~ on the
 23 unpaid tax. The penalty may not exceed 12% of the tax due.

24 (ii) A penalty under this subsection (2)(a) may not be imposed on a taxpayer subject to taxation under
 25 15-30-2103 if:

26 (A) the taxpayer pays the tax and interest due with the tax return or within 30 days following the first
 27 notice from the department to the taxpayer of the amount due; or

28 (B) subject to the conditions of 15-30-2512(1)(a)(i), the taxpayer pays tax when due of at least 90% of
 29 the tax for the current year.

30 (b) A person who fails to pay a tax when due under Title 15, chapter 30, part 25, Title 15, chapter 53,

1 ~~Title 15, chapter 65, or Title 15, chapter 68,~~ must be assessed a late payment penalty of 1.5% a month ~~or fraction~~
2 ~~of a month~~ on the unpaid tax. The penalty may not exceed 15% of the tax due.

3 (c) The penalty imposed under subsection (2)(a) or (2)(b) accrues daily on the unpaid tax from the
4 original due date of the return regardless of whether the taxpayer has received an extension of time for filing a
5 return.

6 (3) A person who purposely or knowingly, as those terms are defined in 45-2-101, fails to file a return
7 when due or fails to file a return within 60 days after receiving written notice from the department that a return
8 must be filed is liable for an additional penalty of not less than \$1,000 or more than \$10,000. The department may
9 bring an action in the name of the state to recover the penalty and any delinquent taxes.

10 (4) (a) Interest on taxes not paid when due must be assessed by the department. The department shall
11 determine the interest ~~rates~~ rate established under subsection (4)(a)(i) for each calendar year by rule subject to
12 the conditions of this subsection (4)(a). Interest rates on taxes not paid when due for a calendar year are as
13 follows:

14 (i) For individual income taxes not paid when due, including delinquent taxes and deficiency
15 assessments, the interest rate is equal to the underpayment rate for individual taxpayers established by the
16 secretary of the United States department of the treasury pursuant to section 6621 of the Internal Revenue Code,
17 26 U.S.C. 6621, for the fourth quarter of the preceding year ~~or 8%, whichever is greater.~~

18 (ii) For all taxes other than individual income taxes not paid when due, including delinquent taxes and
19 deficiency assessments, the interest rate is 12% a year.

20 (b) Interest on delinquent taxes and on deficiency assessments is computed from the original due date
21 of the return until the tax is paid. Interest accrues daily on the unpaid tax from the original due date of the return
22 regardless of whether the taxpayer has received an extension of time for filing the return.

23 (5) (a) Except as provided in subsection (5)(b), this section applies to taxes, fees, and other assessments
24 imposed under Titles 15 and 16 [and the former 85-2-276].

25 (b) This section does not apply to:

26 (i) property taxes; or

27 (ii) gasoline and vehicle fuel taxes collected by the department of transportation pursuant to Title 15,
28 chapter 70.

29 (6) Any changes to interest rates apply to any current outstanding tax balance, regardless of the rate in
30 effect at the time the tax accrued.

- 1 (7) Penalty and interest must be calculated and assessed commencing with the due date of the return.
- 2 (8) Deficiency assessments are due and payable 30 days from the date of the deficiency assessment.
- 3 (9) Interest allowed for the overpayment of taxes or fees is the same rate as is charged for unpaid or
- 4 delinquent taxes. For the purposes of this subsection, interest charged for unpaid or delinquent taxes is the
- 5 interest rate determined in subsection (4)(a)(i). (Bracketed language in subsection (5)(a) terminates June 30,
- 6 2020--sec. 18, Ch. 288, L. 2005.)"

7

8 **Section 2.** Section 15-30-2110, MCA, is amended to read:

9 **"15-30-2110. Adjusted gross income.** (1) Subject to subsection (13), adjusted gross income is the

10 taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62,

11 and in addition includes the following:

12 (a) (i) interest received on obligations of another state or territory or county, municipality, district, or other

13 political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana

14 under federal law;

15 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.

16 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

17 (b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a

18 reduction of Montana income tax liability as determined under subsection (15);

19 (c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue

20 Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

21 (d) depreciation or amortization taken on a title plant as defined in 33-25-105;

22 (e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the

23 amount recovered reduced the taxpayer's Montana income tax in the year deducted;

24 (f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of

25 the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution

26 of the same estate or trust for the same tax period; and

27 (g) except for exempt-interest dividends described in subsection (2)(a)(ii), ~~for tax years commencing after~~

28 ~~December 31, 2002~~; the amount of any dividend to the extent that the dividend is not included in federal adjusted

29 gross income.

30 (2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not

1 include the following, which are exempt from taxation under this chapter:

2 (a) (i) all interest income from obligations of the United States government, the state of Montana, or a
3 county, municipality, district, or other political subdivision of the state and any other interest income that is exempt
4 from taxation by Montana under federal law;

5 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
6 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

7 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including
8 \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

9 (c) (i) except as provided in subsection (2)(c)(ii) and subject to subsection (14), the first \$3,600 of all
10 pension and annuity income received as defined in 15-30-2101;

11 (ii) subject to subsection (14), for pension and annuity income described under subsection (2)(c)(i), as
12 follows:

13 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
14 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
15 excess of \$30,000 as shown on the taxpayer's return;

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

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

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

22 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section
23 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January
24 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage,
25 or lodging;

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

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

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

1 (j) principal and income in a medical care savings account established in accordance with 15-61-201
2 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a
3 dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;

4 (k) principal and income in a first-time home buyer savings account established in accordance with
5 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase
6 of a single-family residence;

7 (l) contributions withdrawn from a family education savings account or earnings withdrawn from a family
8 education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated
9 beneficiary;

10 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
11 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

12 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
13 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
14 of the same estate or trust for the same tax period;

15 (o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch
16 risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction
17 is not provided for federal income tax purposes;

18 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant
19 to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and
20 taxpayer meet the filing requirements in 15-30-2602.

21 (q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or
22 withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;

23 (r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; and

24 (s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in
25 15-31-163.

26 (3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l) shall
27 include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as
28 provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election
29 is effective.

30 (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business

1 deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and
2 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and
3 salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries
4 were used to compute the credit. In the case of a partnership or small business corporation, the deduction must
5 be made to determine the amount of income or loss of the partnership or small business corporation.

6 (5) Married taxpayers filing a joint federal return who are required to include part of their social security
7 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal
8 base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement
9 benefits when they file separate Montana income tax returns. The federal base must be split equally on the
10 Montana return.

11 (6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section
12 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may
13 claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital
14 loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss
15 must be split equally on each return.

16 (7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and
17 who file separate Montana income tax returns are not required to recompute allowable passive losses according
18 to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal
19 Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must
20 be shown on that spouse's return; otherwise, the loss must be split equally on each return.

21 (8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a
22 deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C.
23 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is
24 allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

25 (9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a
26 qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate
27 Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return.
28 The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted
29 gross income.

30 (b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and

1 related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana
2 income tax returns may claim the same amount of the deduction that is allowed on the federal return. The
3 deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross
4 income.

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

15 (11) An individual who contributes to one or more accounts established under the Montana family
16 education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the
17 contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for
18 the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made
19 by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection
20 applies only with respect to contributions to an account of which the account owner, as defined in 15-62-103, is
21 the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a
22 Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions
23 that reduced adjusted gross income.

24 (12) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection
25 (12)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:

- 26 (i) is a health care professional licensed in Montana as provided in Title 37;
- 27 (ii) is serving a significant portion of a designated geographic area, special population, or facility
28 population in a federally designated health professional shortage area, a medically underserved area or
29 population, or a federal nursing shortage county as determined by the secretary of health and human services
30 or by the governor;

1 (iii) has had a student loan incurred as a result of health-related education; and
 2 (iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment
 3 program described in subsection (12)(b) as an incentive to practice in Montana.

4 (b) For the purposes of subsection (12)(a), a loan repayment program includes a federal, state, or
 5 qualified private program. A qualified private loan repayment program includes a licensed health care facility, as
 6 defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility
 7 as a licensed health care professional.

8 (13) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40% of
 9 capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are
 10 determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.

11 (14) By November 1 of each year, the department shall multiply the amount of pension and annuity
 12 income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii)
 13 by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results
 14 to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the
 15 exemption determined under subsection (2)(c).

16 (15) A refund received of federal income tax referred to in subsection (1)(b) must be allocated in the
 17 following order as applicable:

18 (a) to federal income tax in a prior tax year that was not deducted on the state tax return in that prior tax
 19 year;

20 (b) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year
 21 but did not result in a reduction in state income tax liability in that prior tax year; and

22 (c) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year
 23 and that reduced the taxpayer's state income tax liability in that prior tax year. (Subsection (2)(f) terminates on
 24 occurrence of contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of
 25 contingency--sec. 9, Ch. 262, L. 2001.)"

26
 27 **Section 3.** Section 15-30-2512, MCA, is amended to read:

28 **"15-30-2512. Estimated tax -- payment -- exceptions -- interest.** (1) (a) Each individual subject to tax
 29 under this chapter, except farmers or ranchers as defined in subsection (6), shall pay for the tax year, through
 30 employer withholding, as provided in 15-30-2502, through payment of estimated tax in four installments, as

1 provided in subsection (2) of this section, or through a combination of employer withholding and estimated tax
 2 payments, at least:

- 3 (i) 90% of the tax for the current tax year, less tax credits and withholding allowed the taxpayer; or
- 4 (ii) an amount equal to 100% of the individual's tax liability for the preceding tax year, if the preceding tax
 5 year was a period of 12 months and if the individual filed a return for the tax year.

6 (b) Payment of estimated taxes under this section is not required if:

- 7 (i) the combined tax liability of employer withholding and estimated tax for the current year is less than
 8 \$500 after reductions for credits and withholding;
- 9 (ii) the individual did not have any tax liability for the preceding tax year, which was a tax year of 12
 10 months, and if the individual was a citizen or resident of the United States throughout that tax year;
- 11 (iii) the underpayment was caused by reason of casualty, disaster, or other unusual circumstances that
 12 the department determines to constitute good cause; or
- 13 (iv) the individual retired in the tax year after having attained the age of 62 or if the individual became
 14 disabled in the tax year. In addition, payment of estimated taxes under this section is not required in the tax year
 15 following the tax year in which the individual retired or became disabled.

16 (2) Estimated taxes must be paid in four installments according to one of the following schedules:

17 (a) For each taxpayer whose tax year begins on January 1, estimated tax payments are due on the
 18 following dates:

19 Installment	Date
20 First	April 15
21 Second	June 15
22 Third	September 15
23 Fourth	January 15 of the following tax year

24 (b) For each taxpayer whose tax year begins on a date other than January 1, estimated tax payments
 25 are due on the following dates:

26 Installment	Date
27 First	15th day of the 4th month following the beginning of the tax year
28 Second	15th day of the 6th month following the beginning of the tax year
29 Third	15th day of the 9th month following the beginning of the tax year
30 Fourth	15th day of the month following the close of the tax year

1 (3) (a) Except as provided in subsection (4), each installment must be 25% of the required annual
 2 payment determined pursuant to subsection (1). If the taxpayer's tax situation changes, each succeeding
 3 installment must be proportionally changed so that the balance of the required annual payment is paid in equal
 4 installments over the remaining period of time.

5 (b) If the taxpayer's tax situation changes after the date for the first installment or any subsequent
 6 installment, as specified in subsection (2)(a) or (2)(b), so that the taxpayer is required to pay estimated taxes, the
 7 taxpayer shall pay 25% for each succeeding installment except for the first one in which a payment is required.
 8 For estimated taxes required to be paid beginning with the second installment provided for in subsection (2)(a)
 9 or (2)(b), the taxpayer shall pay 50% for that installment and 25% for the third and fourth installments,
 10 respectively. For estimated taxes required to be paid beginning with the third installment provided for in
 11 subsection (2)(a) or (2)(b), the taxpayer shall pay 75% for that installment and 25% for the fourth installment.

12 (4) (a) If for any required installment the taxpayer determines that the installment payment is less than
 13 the amount determined under subsection (3)(a), the lower amount may be paid as an annualized income
 14 installment.

15 (b) For any required installment, the annualized income installment is the applicable percentage
 16 described in subsection (4)(c) applied to the tax computed on the basis of annualized taxable income in the tax
 17 year for the months ending before the due date for the installment less the total amount of any prior required
 18 installments for the tax year.

19 (c) For the purposes of this subsection (4), the applicable percentage is determined according to the
 20 following schedule:

21 Required Installment	Applicable Percentage
22 First	22.5%
23 Second	45%
24 Third	67.5%
25 Fourth	90%

26 (d) A reduction in a required installment resulting from the application of an annualized income
 27 installment must be recaptured by increasing the amount of the next required installment, determined under
 28 subsection (3)(a), by the amount of the reduction. Any subsequent installment must be increased by the amount
 29 of the reduction until the amount has been recaptured.

30 (5) (a) If Subject to subsection (5)(f), if an estimated tax, an employer withholding tax, or a combination

1 of estimated tax and employer withholding tax is underpaid, there must be added to the amount due under this
2 chapter interest on the amount of the underpayment as provided in 15-1-216. The interest is computed on the
3 amount of the underpayment, as determined in subsection (5)(b), for the period from the time the payment was
4 due to the date payment was made or to the 15th day of the 4th month of the year following the tax year in which
5 the payment was to be made, whichever is earlier.

6 (b) For the purpose of determining the amount of interest due in subsection (5)(a), the amount of the
7 underpayment is the required installment amount less the installment amount paid, if any, on or before the due
8 date for the installment.

9 (c) For the purpose of determining the amount of interest due in subsection (5)(a), an estimated payment
10 must be credited against unpaid required installments in the order in which those installments are required to be
11 paid.

12 (d) For each married taxpayer filing separately on the same form, the interest provided for in subsection
13 (5)(a) must be computed on the combined tax liability after reductions for credits and withholding, as shown on
14 the taxpayer's return.

15 (e) Interest may not be charged with respect to any underpayment of the fourth installment of estimated
16 taxes if:

17 (i) the taxpayer pays in full the amount computed on the return as payable; and

18 (ii) the taxpayer files a return on or before the last day of the month following the close of the tax year
19 referred to in subsection (2)(a) or (2)(b).

20 (f) Interest on the underpayment of estimated tax may not be assessed against a taxpayer if the tax paid
21 by the taxpayer from employer withholding and estimated tax payments satisfies the requirements of subsection
22 (1)(a)(i) or (1)(a)(ii) and the taxpayer has paid approximately equal quarterly installments of estimated taxes.

23 (6) For the purposes of this section, "farmer or rancher" means a taxpayer who derives at least 66 2/3%
24 of the taxpayer's gross income, as defined in 15-30-2101, from farming or ranching operations, or both.

25 (7) The department shall promulgate rules governing reasonable extensions of time for paying the
26 estimated tax. An extension may not be for more than 6 months."

27
28 **NEW SECTION. Section 4. Effective dates.** (1) Except as provided in subsection (2), [this act] is
29 effective July 1, 2011.

30 (2) [Section 2 and this section] are effective on passage and approval.

1

2 NEW SECTION. **Section 5. Applicability -- retroactive applicability.** (1) Except as provided in
3 subsections (2) and (3), [this act] applies to penalties assessed against taxes or fees due for tax reporting periods
4 beginning after June 30, 2011.

5 (2) [This act] applies to interest computed under 15-1-216 assessed on income taxes owed after June
6 30, 2011, regardless of the tax reporting period for which the taxes are owed.

7 (3) [Section 2] applies retroactively, within the meaning of 1-2-109, to tax periods beginning after
8 December 31, 2010.

9

- END -