

SENATE BILL NO. 170

INTRODUCED BY A. WITTICH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING INDIVIDUAL INCOME AND CORPORATE LICENSE TAX
5 RATES, INCLUDING THE CAPITAL GAINS CREDIT; AMENDING SECTIONS 15-30-2103, 15-30-2301, AND
6 15-31-121, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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10 **Section 1.** Section 15-30-2103, MCA, is amended to read:
11 **"15-30-2103. Rate of tax.** (1) There must be levied, collected, and paid for each tax year upon the
12 taxable income of each taxpayer subject to this tax, after making allowance for exemptions and deductions as
13 provided in this chapter, a tax on the brackets of taxable income as follows:

- 14 (a) on the first \$2,300 of taxable income or any part of that income, 1%;
15 (b) on the next \$1,800 of taxable income or any part of that income, 2%;
16 (c) on the next \$2,100 of taxable income or any part of that income, 3%;
17 (d) on the next \$2,200 of taxable income or any part of that income, 4%;
18 (e) on the next \$2,400 of taxable income or any part of that income, 5%;
19 (f) on the next \$3,100 of taxable income any taxable income in excess of \$10,800 or any part of that
20 income, 6% 5.9%;

21 ~~—— (g) on any taxable income in excess of \$13,900 or any part of that income, 6.9%.~~

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

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27 **Section 2.** Section 15-30-2301, MCA, is amended to read:
28 **"15-30-2301. Capital gains credit.** An individual taxpayer is allowed a credit against the taxes imposed
29 by 15-30-2103 in an amount equal to 1% of the taxpayer's net capital gains ~~for tax years 2005 and 2006 and 2%~~
30 ~~of the taxpayer's net capital gains for tax years beginning after 2006,~~ as shown on the taxpayer's individual

1 income tax return filed pursuant to 15-30-2602. The credit allowed under this section may not exceed the
2 taxpayer's income tax liability."

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4 **Section 3.** Section 15-31-121, MCA, is amended to read:

5 **"15-31-121. Rate of tax -- minimum tax -- distribution of revenue.** (1) Except as provided in
6 subsection (2), the percentage of net income to be paid under 15-31-101 is ~~6 3/4%~~ 7 3/4% of all net income for
7 the tax period.

8 (2) For a taxpayer making a water's-edge election, the percentage of net income to be paid under
9 15-31-101 is ~~7%~~ 8% of all taxable net income for the tax period.

10 (3) Each corporation subject to taxation under this part shall pay a minimum tax of not less than \$50."

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12 NEW SECTION. **Section 4. Effective date.** [This act] is effective January 1, 2014.

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14 NEW SECTION. **Section 5. Applicability.** [This act] applies to tax years beginning after December 31,
15 2013.

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