

SENATE BILL NO. 379

INTRODUCED BY C. KAUFMANN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INDIVIDUAL INCOME TAX; REVISING THE
5 INCOME BRACKETS AND RATE OF THE TAX; REVISING ELIGIBILITY FOR THE CAPITAL GAINS CREDIT;
6 CREATING A CHILD TAX CREDIT; AMENDING SECTIONS 15-30-2103 AND 15-30-2301, MCA; AND
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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11 **Section 1.** Section 15-30-2103, MCA, is amended to read:

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

15 (a) on the first ~~\$2,300~~ \$3,500 of taxable income or any part of that income, 1%;

16 (b) on the next ~~\$1,800~~ \$2,000 of taxable income or any part of that income, 2%;

17 (c) on the next ~~\$2,100~~ \$2,500 of taxable income or any part of that income, 3%;

18 (d) on the next ~~\$2,200~~ \$3,000 of taxable income or any part of that income, 4%;

19 (e) on the next ~~\$2,400~~ \$3,000 of taxable income or any part of that income, 5%;

20 (f) on the next ~~\$3,100~~ \$4,000 of taxable income or any part of that income, 6%;

21 (g) on the next \$132,000 of taxable income or any part of that income, 6.9%;

22 (h) on the next \$100,000 of taxable income or any part of that income, 7.9%;

23 ~~(g)~~(i) on any taxable income in excess of ~~\$13,900~~ \$250,000 or any part of that income, ~~6.9%~~ 8.9%.

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

28 (3) For the purposes of this section, "inflation factor" means a number determined for each tax year by
29 dividing the consumer price index for June of the tax year by the consumer price index for June 2012.
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1 **Section 2.** Section 15-30-2301, MCA, is amended to read:

2 "**15-30-2301. Capital gains credit.** (1) An individual taxpayer is allowed a credit against the taxes
3 imposed by 15-30-2103 in an amount equal to ~~1% of the taxpayer's net capital gains for tax years 2005 and 2006~~
4 ~~and 2% of the taxpayer's net capital gains from the sale of property that is eligible for a depreciation deduction~~
5 under 26 U.S.C. 167 for tax years beginning after 2006, as shown on the taxpayer's individual income tax return
6 filed pursuant to 15-30-2602.

7 (2) The credit allowed under this section may not exceed the taxpayer's income tax liability."
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9 NEW SECTION. **Section 3. Child tax credit.** (1) There is allowed as a credit against the tax imposed
10 by 15-30-2103 a percentage of the credit allowed for the federal child tax credit for which an individual taxpayer
11 is eligible for the tax year under section 24 of the Internal Revenue Code, 26 U.S.C. 24.

12 (2) The amount of the credit allowed under subsection (1) is 20% of the amount of the credit determined
13 for the tax year under 26 U.S.C. 24.

14 (3) Except for married taxpayers living apart who are treated as single under section 7703(b) of the
15 Internal Revenue Code, 26 U.S.C. 7703(b), the credit is not allowed to married taxpayers if the husband and wife
16 report their income on separate tax forms. Married taxpayers filing separately on the same form may allocate the
17 credit between spouses.

18 (4) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the taxpayer's
19 tax liability.
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21 NEW SECTION. **Section 4. Codification instruction.** [Section 3] is intended to be codified as an
22 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
23 3].
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25 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.
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27 NEW SECTION. **Section 6. Retroactive applicability.** [This act] applies retroactively, within the
28 meaning of 1-2-109, to tax years beginning after December 31, 2012.
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