

SENATE BILL NO. 378

INTRODUCED BY E. ARNTZEN

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELIGIBILITY FOR MONTANA'S INCOME TAX EXEMPTION WITH RESPECT TO SALARIES PAID TO NATIONAL GUARD MEMBERS UNDER CERTAIN CIRCUMSTANCES; AMENDING SECTION 15-30-2117, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-30-2117, MCA, is amended to read:

"15-30-2117. Military salary, veterans' bonus, or death benefit -- exemptions. (1) All payments made under the World War I bonus law, the Korean bonus law, and the veterans' bonus law are exempt from taxation under this chapter. Any income tax that has been or may be paid on income received from the World War I bonus law, Korean bonus law, and the veterans' bonus law is considered an overpayment and must be refunded upon the filing of an amended return and a verified claim for refund on forms prescribed by the department in the same manner as other income tax refund claims are paid.

(2) (a) The salary received from the armed forces by residents of Montana who are serving on active duty in the regular armed forces and who entered into active duty from Montana is exempt from state income tax.

(b) (i) The salary received by residents of Montana for active duty in the national guard is exempt from state income tax.

(ii) For the purposes of this subsection (2)(b), "active duty" means duty performed under an order issued to a national guard member pursuant to:

~~(A) the governor's authority under Article VI, section 13, of the Montana constitution for a state emergency;~~

~~(B)(A) Title 10 U.S.C.; or~~

~~(C)(B) Title 32 U.S.C. for a homeland defense activity, as defined in Title 32 U.S.C. 901, or a contingency operation, as defined in 10 U.S.C. 101, and the person was a member of a unit engaged in a homeland defense activity or contingency operation.~~

(3) The amount received pursuant to 10-1-1114 or from the federal government by a service member, as defined in 10-1-1112, as reimbursement for group life insurance premiums paid is considered to be a bonus



1 and is exempt from taxation under this chapter.

2 (4) The amount received by a beneficiary pursuant to 10-1-1201 is exempt from taxation under this
3 chapter."

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5 **NEW SECTION. Section 2. Applicability.** [This act] applies to tax years beginning after December 31,
6 2015.

7 - END -