

# **EXHIBIT F**

## MINUTES

### MONTANA SENATE 64th LEGISLATURE - REGULAR SESSION

#### FREE CONFERENCE COMMITTEE ON SENATE BILL 410

**Call to Order:** Chair Llew Jones, on April 21, 2015 at 3:30 P.M., in Room 317 Capitol

#### ROLL CALL

**Members Present:**

Sen. Llew Jones, Chair (R)  
Rep. Sarah Laszloffy, Chair (R)  
Sen. Kris Hansen (R)  
Rep. Edith (Edie) McClafferty (D)  
Rep. Ryan Osmundson (R)

**Members Excused:**

Sen. Bradley Hamlett (D)

**Members Absent:** None

**Staff Present:** Jaret Coles, Legislative Branch  
Prudence Gildroy, Secretary

**Audio Committees:** These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

**Committee Business Summary:**

**Executive Action:** SB 410 - Recommend that the Free Conference Committee Report be Adopted and Amended Further

00:00:01 Chair Jones

**EXECUTIVE ACTION ON SB 410**

00:02:26 **Motion:** Rep. Laszloffy moved that **SB 410 DO PASS.**

00:03:13 **Motion:** Rep. Laszloffy moved that **SB 410 BE AMENDED.**  
**EXHIBIT**(frs81sb0410a01)

**Discussion:**

00:03:50 Sen. Hansen

00:04:06 Jaret Coles, Legislative Services Division (LSD)

00:04:40 Sen. Hansen

00:05:37 Mr. Coles, LSD

00:06:38 Sen. Hansen

00:06:46 Mr. Coles

00:07:12 **Vote:** Motion carried unanimously by voice vote in the Senate and the House.  
Sen. Hamlett voted by proxy.

00:07:27 **Motion:** Rep. Laszloffy moved that **SB 410 DO PASS AS AMENDED.**

**Discussion:**

00:08:08 Rep. McClafferty

00:08:26 Mr. Coles

00:08:52 **Vote:** Motion carried 2-0 by roll call vote in the Senate. Sen. Hamlett was  
excused. Motion carried 3-0 by roll call vote in the House

**Note:** In lieu of motion, the signed Free Conference Committee Report, signed by a majority of  
both the Senate and House members, indicates that the committee recommends **THE**  
**CONFERENCE COMMITTEE REPORT BE ADOPTED.**

**ADJOURNMENT**

Adjournment: 3:45 p.m.

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Prudence Gildroy, Secretary

Additional Documents:

**EXHIBIT([frs81sb0410aad.pdf](#))**

Amendments to Senate Bill No. 410  
Reference Copy

For the Senate Free Conference Committee

Prepared by Jaret Coles  
April 21, 2015 (11:06am)

1. Title, page 1, line 14.

**Strike:** "AN IMMEDIATE"**Insert:** "A DELAYED"**Strike:** "A RETROACTIVE"**Insert:** "AN"

2. Page 9, line 7.

**Strike:** "2015"**Insert:** "2016"

3. Page 9, line 8.

**Strike:** "2016"**Insert:** "2017"

4. Page 10, line 19.

**Strike:** "2015"**Insert:** "2016"

5. Page 10, line 20.

**Strike:** "2016"**Insert:** "2017"

6. Page 26, line 23.

**Following:** line 22**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:**"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that

were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3)(a) through (3)(e), and (3)(g), and (3)(h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).""

**Renumber:** subsequent sections

7. Page 26, line 28.

**Strike:** "on passage and approval"

**Insert:** "January 1, 2016"

8. Page 26, line 30 through page 27, line 1.

**Strike:** "Retroactive applicability"

**Insert:** "Applicability"

**Strike:** "retroactively, within the meaning of 1-2-109,"

**Strike:** "2014"

**Insert:** "2015"

9. Page 27, line 3.

**Strike:** "2021"

**Insert:** "2023"

- END -

Explanation - This amendment combines SB041013.ajc and SB041014.ajc

Amendments to Senate Bill No. 410  
Reference Copy

For the Senate Free Conference Committee

Prepared by Jaret Coles  
April 21, 2015 (9:50am)

1. Page 26, line 23.

**Following:** line 22

**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

"NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable

income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), ~~and (3)(a) through (3)(e), and (3)(g), and (3)(h); and~~

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection

(3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Renumber:** subsequent sections

- END -

Explanation - This amendment retains the exclusion from income for a scholarship that is contained in SB 410. Without this coordination, the exclusion in SB 410 will not be effective if SB 171 becomes law because SB 171 repeals the section that contains the exclusion (15-30-2110).

SENATE BILL NO. 171

INTRODUCED BY B. TUTVEDT, B. HOVEN

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAXATION OF INCOME, INCLUDING THE CORPORATE LICENSE INCOME TAX; REQUIRING THE TAXATION OF INDIVIDUALS, PARTNERSHIPS, AND SUBCHAPTER S. CORPORATIONS, INCLUDING TRUSTS AND ESTATES, TO RELATE THE STATE INDIVIDUAL INCOME TAX TO FEDERAL TAXABLE INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO INCLUDE CERTAIN INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO EXCLUDE CERTAIN INCOME; ELIMINATING MOST INDIVIDUAL INCOME TAX DEDUCTIONS; ELIMINATING CERTAIN INDIVIDUAL INCOME TAX CREDITS; REVISING CERTAIN INDIVIDUAL INCOME TAX CREDITS; ELIMINATING CERTAIN CORPORATE LICENSE INCOME TAX DEDUCTIONS AND CREDITS; REVISING INDIVIDUAL INCOME TAX RATES SUBJECT TO A REDUCTION FOR NET CAPITAL GAIN INCOME; LOWERING CORPORATE LICENSE INCOME TAX RATES; PROVIDING A TRANSITION FOR CREDITS THAT ARE SUBJECT TO A CARRYFORWARD; PROVIDING A TRANSITION FOR DIFFERENCES IN FEDERAL AND MONTANA INCOME TAX LAWS; REENACTING THE BIG SKY ON THE BIG SCREEN ACT AND MAKING PERMANENT THE AVAILABILITY AND USE OF TAX CREDITS; PROMOTING THE MOTION PICTURE AND TELEVISION INDUSTRIES AND RELATED MEDIA IN MONTANA BY PROVIDING TAX INCENTIVES FOR FILMING AND FOR DEVELOPING MAGAZINE ADVERTISING IN MONTANA; ALLOWING A PRODUCTION COMPANY A TAX CREDIT FOR EMPLOYING MONTANA RESIDENTS; ALLOWING A PRODUCTION COMPANY A TAX CREDIT FOR QUALIFYING EXPENDITURES MADE IN MONTANA; REQUIRING A PRODUCTION COMPANY TO APPLY TO THE DEPARTMENT OF COMMERCE FOR STATE CERTIFICATION OF A PRODUCTION TO QUALIFY FOR THE TAX CREDITS; REQUIRING AN APPLICATION AND AN APPLICATION FEE FOR A PRODUCTION COMPANY TO CLAIM TAX CREDITS FOR A STATE-CERTIFIED PRODUCTION; REQUIRING THAT THE APPLICATION FEE BE USED FOR ADMINISTERING THE TAX CREDITS; PROVIDING A STATUTORY APPROPRIATION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-18-1312, 7-14-1133, 7-14-1636, 7-34-2416, 15-30-2101, 15-30-2102, 15-30-2103, 15-30-2104, 15-30-2113, 15-30-2151, 15-30-2153, 15-30-2328, 15-30-2329, 15-30-2337, 15-30-2341, 15-30-2501, 15-30-2512, 15-30-2602, 15-30-2605, 15-30-2606, 15-30-2618, 15-30-2364, 15-30-3003, 15-30-3004, 15-30-3005, 15-30-3312, 15-31-121, 15-31-125, 15-31-127, 15-31-131, 15-31-162, 15-32-104, 15-32-106, 15-61-202, 15-61-203, 15-62-208, 15-63-202, 17-7-502, 19-2-1004, 19-17-407,



1 19-18-612, 19-19-504, 19-20-706, 19-21-212, 33-22-2006, 33-27-101, 33-27-102, 33-27-103, 37-4-104, 53-2-211,  
 2 67-11-303, 70-9-803, 75-2-103, 75-5-103, 87-2-102, AND 87-2-105, MCA; REPEALING SECTIONS 7-21-3701,  
 3 7-21-3702, 7-21-3703, 7-21-3704, 7-21-3710, 7-21-3715, 15-30-2110, 15-30-2111, 15-30-2114, 15-30-2115,  
 4 15-30-2116, 15-30-2117, 15-30-2119, 15-30-2131, 15-30-2132, 15-30-2133, 15-30-2141, 15-30-2142,  
 5 15-30-2143, 15-30-2144, 15-30-2152, 15-30-2301, 15-30-2319, 15-30-2320, 15-30-2356, 15-31-124, 15-31-134,  
 6 15-31-137, 15-31-163, 15-31-172, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-203, 15-32-301,  
 7 15-32-302, 15-32-303, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-501,  
 8 15-32-502, 15-32-503, 15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-510,  
 9 ~~15-32-601, 15-32-602, 15-32-603, 15-32-604, 15-32-609, 15-32-610, 15-32-611,~~ 15-32-701, 15-32-702,  
 10 15-32-703, 15-62-207, AND 33-2-724, MCA; AND PROVIDING ~~A DELAYED EFFECTIVE DATE~~ EFFECTIVE  
 11 DATES AND AN APPLICABILITY DATE DATES."

12

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

14

15 NEW SECTION. **Section 1. Adjustments to federal taxable income to determine Montana taxable**  
 16 **income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal  
 17 taxable income to determine Montana taxable income.

18 (2) The following are added to federal taxable income:

19 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from  
 20 obligations of a territory or another state or any political subdivision of a territory or another state and  
 21 exempt-interest dividends attributable to that interest except to the extent already included in federal taxable  
 22 income;

23 (b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a  
 24 purpose other than an eligible medical expense or long-term care of the employee or account holder or a  
 25 dependent of the employee or account holder;

26 (c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter  
 27 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

28 (d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used  
 29 for a purpose other than for eligible costs for the purchase of a single-family residence;

30 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable

1 income if the item was also used to calculate a credit against a Montana income tax liability;

2 (f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that  
3 it was included as a deduction or expense in determining federal taxable income;

4 (g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the  
5 federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue  
6 Code, 26 U.S.C. 651 and 661; and

7 (h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue  
8 Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed  
9 the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue  
10 Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the  
11 Internal Revenue Code, 26 U.S.C. 63(c).

12 (3) To the extent they are included as income or gain or not already excluded as a deduction or expense  
13 in determining federal taxable income, the following are subtracted from federal taxable income:

14 (a) if exempt from taxation by Montana under federal law:

15 (i) interest from obligations of the United States government and exempt-interest dividends attributable  
16 to that interest; and

17 (ii) railroad retirement benefits;

18 (b) salary received from the armed forces by residents who entered into active duty from Montana and  
19 are serving on active duty in the regular armed forces;

20 (c) interest and other income related to contributions that were made prior to January 1, 2016, that are  
21 retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment  
22 of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the  
23 employee or account holder;

24 (d) interest and other income related to contributions that were made prior to January 1, 2016, that are  
25 retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal  
26 for payment of qualified higher education expenses;

27 (e) interest and other income related to contributions that were made prior to January 1, 2016, that are  
28 retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for  
29 payment of eligible costs for the first-time purchase of a single-family residence;

30 (f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with

1 sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the  
2 additions and subtractions in subsections (2) and (3)(a) through (3)(e) and (3)(g); and

3 (g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400.

4 (4) By November 1 of each year, the department shall multiply the subtraction from federal taxable  
5 income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that  
6 tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be  
7 used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).

8

9 NEW SECTION. SECTION 2. SHORT TITLE. [SECTIONS 2 THROUGH 11] MAY BE CITED AS THE "BIG SKY ON THE  
10 BIG SCREEN ACT".

11

12 NEW SECTION. SECTION 3. PURPOSE. (1) THE PURPOSES OF [SECTIONS 2 THROUGH 11] ARE TO ENHANCE  
13 MONTANA'S ECONOMY BY REVITALIZING AND EXPANDING THE MOTION PICTURE AND TELEVISION INDUSTRIES AND RELATED  
14 MEDIA IN MONTANA AND TO PROMOTE THE GROWTH OF SMALL BUSINESSES. THE OBJECTIVES OF [SECTIONS 2 THROUGH  
15 11] ARE TO:

16 (A) RENEW INTEREST IN MONTANA AS A PREMIER LOCATION FOR THE PRODUCTION OF MOTION PICTURES,  
17 DOCUMENTARIES, TELEVISION PROGRAMS AND COMMERCIALS, AND MAGAZINE ADVERTISING;

18 (B) ENCOURAGE THE CREATION OF JOBS THAT PAY WELL FOR MONTANA WORKERS AND UNIVERSITY GRADUATES;

19 (C) ENHANCE THE GROWTH OF MONTANA BUSINESSES THAT PROVIDE GOODS AND SERVICES FOR THESE TYPES  
20 OF PRODUCTIONS; AND

21 (D) HELP PROMOTE THE TOURISM INDUSTRY IN MONTANA.

22 (2) THE OBJECTIVES IN SUBSECTION (1) WILL BEST BE ACHIEVED BY OFFERING TAX INCENTIVES TO PRODUCTION  
23 COMPANIES FOR HIRING MONTANA RESIDENTS AND FOR PURCHASING MONTANA GOODS AND SERVICES.

24

25 NEW SECTION. SECTION 4. DEFINITIONS. AS USED IN [SECTIONS 2 THROUGH 11], UNLESS THE CONTEXT  
26 REQUIRES OTHERWISE, THE FOLLOWING DEFINITIONS APPLY:

27 (1) "COMPENSATION" MEANS SALARY, WAGES, OR OTHER COMPENSATION, INCLUDING RELATED BENEFITS PAID  
28 TO A MONTANA RESIDENT.

29 (2) (A) "PRODUCTION" MEANS A NATIONALLY OR REGIONALLY DISTRIBUTED FEATURE-LENGTH FILM, SHORT FILM,  
30 DOCUMENTARY, TELEVISION SERIES OR SEGMENT, TELEVISION PILOT, MAGAZINE ADVERTISING OTHER THAN ADVERTISING



1 (6) As used in this section, "recapturable withdrawal" means a withdrawal or distribution that is a  
2 nonqualified withdrawal."

3  
4 NEW SECTION. SECTION 78. INSTRUCTIONS TO CODE COMMISSIONER -- COORDINATION WITH REPEALED CODE  
5 SECTIONS. THE CODE COMMISSIONER SHALL:

6 (1) STRIKE SUBSECTION OR CODE SECTION REFERENCES IN [SECTION 1 OF HOUSE BILL NO. 154] WHEN THE  
7 SUBSECTION OR CODE SECTION REFERENCES RELATE TO TAX CREDITS THAT ARE REPEALED ON OR BEFORE JANUARY 1,  
8 2016, IN [THIS ACT]; AND

9 (2) MAKE ANY CORRESPONDING CHANGES IN [HOUSE BILL NO. 154] TO REFLECT THE RENUMBERING.

10  
11 NEW SECTION. Section 79. Severability. If a part of [this act] is invalid, all valid parts that are  
12 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
13 the part remains in effect in all valid applications that are severable from the invalid applications.

14  
15 NEW SECTION. Section 80. Effective date. ~~This (1) EXCEPT AS PROVIDED IN SUBSECTION (2), [THIS act]~~  
16 is effective January 1, 2016.

17 (2) [SECTIONS 2 THROUGH 11, 25, 26, 49, 71, AND 79 THROUGH 81] ARE EFFECTIVE ON PASSAGE AND  
18 APPROVAL.

19  
20 NEW SECTION. Section 81. Applicability --RETROACTIVE APPLICABILITY. ~~This (1) EXCEPT AS PROVIDED~~  
21 IN SUBSECTION (2), [THIS act] applies to tax years beginning after December 31, 2015.

22 (2) [SECTIONS 2 THROUGH 11, 25, 26, AND 49] APPLY RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO  
23 TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

24 - END -

# Montana State Legislature

**2015 SESSION**

## **ADDITIONAL DOCUMENTS**

**May include the following:**

**Business Page**

**[Signed by Chairman]**

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

**Montana Historical Society Archives**

**225 N. Roberts**

**Helena MT 59620-1201**

**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**  
**MONTANA SENATE**  
**64th LEGISLATURE - REGULAR SESSION**  
**SENATE FREE CONFERENCE COMMITTEE**

**Date:** Tuesday April 21, 2015  
**Place:** Capitol

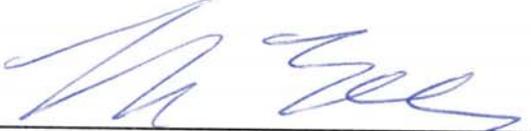
**Time:** 3:30 P.M.  
**Room:** 317

**BILLS and RESOLUTIONS HEARD:**

**EXECUTIVE ACTION TAKEN:**

SB 410 - Recommend that the free conference committee report be adopted

**Comments:**

  
\_\_\_\_\_  
SEN. Llew Jones, Chair

# MONTANA STATE SENATE

## ROLL CALL

# FREE CONFERENCE COMMITTEE

Date: 4/21/2015 HB (SB) No. 410

NAME	PRESENT	ABSENT/ EXCUSED
Sen. Jones	x	
Sen. Hansen	x	
Sen. Hamlett		x
Rep. Laszloffy	x	
Rep. Osmundson	x	
Rep. McClafferty	x	

Staff: Jaret Coles / Barb Smith

Secretary: Prudence Gildroy



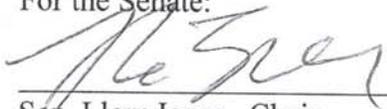
**FREE CONFERENCE COMMITTEE  
on Senate Bill 410  
Report No. 001, April 21, 2015**

Page 1 of 4

Mr. President and Mr. Speaker:

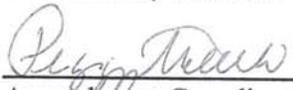
We, your Free Conference Committee met and considered **Senate Bill 410** (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

For the Senate:

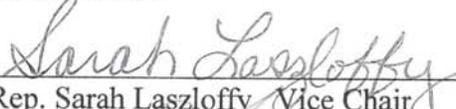
  
\_\_\_\_\_  
Sen. Llew Jones Chair

  
\_\_\_\_\_  
Sen. Kris Hansen

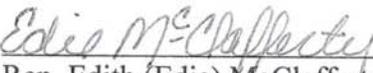
\_\_\_\_\_  
Sen. Bradley Hamlett

  
\_\_\_\_\_  
Amendment Coordinator

For the House:

  
\_\_\_\_\_  
Rep. Sarah Laszloffy Vice Chair

  
\_\_\_\_\_  
Rep. Ryan Osmundson

  
\_\_\_\_\_  
Rep. Edith (Edie) McClafferty

And, recommend that **Senate Bill 410** (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 14.

**Strike:** "AN IMMEDIATE"

**Insert:** "A DELAYED"

**Strike:** "A RETROACTIVE"

**Insert:** "AN"

2. Page 9, line 7.

**Strike:** "2015"

**Insert:** "2016"

**ADOPT  
REJECT**

**Amendment # SB 410001**

SB0410001FC.spt

3. Page 9, line 8.

**Strike:** "2016"

**Insert:** "2017"

4. Page 10, line 19.

**Strike:** "2015"

**Insert:** "2016"

5. Page 10, line 20.

**Strike:** "2016"

**Insert:** "2017"

6. Page 26, line 23.

**Following:** line 22

**Insert:** "COORDINATION SECTION. **Section 29. Coordination instruction.** If both Senate Bill No. 171 and [this act] are passed and approved and if [this act] contains a section that amends 15-30-2110 and Senate Bill No. 171 contains a section that repeals 15-30-2110, then [section 1] of Senate Bill No. 171 must be amended as follows:

**"NEW SECTION. Section 1. Adjustments to federal taxable income to determine Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;

(b) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for a purpose other than an eligible medical expense or long-term care of the employee or account holder or a dependent of the employee or account holder;

(c) a nonqualified withdrawal from a family education savings account provided for in Title 15, chapter 62, to the extent that it was deducted from income in calculating Montana individual income taxes;

(d) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63, used for a purpose other than for eligible costs for the purchase of a single-family residence;

(e) an item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;

(f) a deduction or expense upon which a state tax credit is computed under 33-22-2006 to the extent that it was included as a

deduction or expense in determining federal taxable income;

(g) a deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661; and

(h) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

(3) To the extent they are included as income or gain or not already excluded as a deduction or expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(b) salary received from the armed forces by residents who entered into active duty from Montana and are serving on active duty in the regular armed forces;

(c) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(d) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a family education savings account provided for in Title 15, chapter 62, and any qualified withdrawal for payment of qualified higher education expenses;

(e) interest and other income related to contributions that were made prior to January 1, 2016, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(f) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2), and (3)(a) through (3)(e), and (3)(g), and (3)(h); and

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$6,400; and

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to [section 10 of Senate Bill No. 410].

(4) By November 1 of each year, the department shall

multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

**Renumber:** subsequent sections

7. Page 26, line 28.

**Strike:** "on passage and approval"

**Insert:** "January 1, 2016"

8. Page 26, line 30 through page 27, line 1.

**Strike:** "Retroactive applicability"

**Insert:** "Applicability"

**Strike:** "retroactively, within the meaning of 1-2-109,"

**Strike:** "2014"

**Insert:** "2015"

9. Page 27, line 3.

**Strike:** "2021"

**Insert:** "2023"

- END -

MONTANA STATE SENATE

ROLL CALL VOTE

**FREE CONFERENCE  
COMMITTEE**

Date: 4/21/2015 HB/(SB) No. 410

NAME	AYE	NO
Sen. Jones	x	
Sen. Hansen	x	
Sen. Hamlett		<del>W</del>
Rep. Laszloffy	x	
Rep. Osmundson	x	
Rep. McClafferty	x	

Vote by chamber:

Senate: Aye 2 No \_\_\_\_\_

House: Aye 3 No \_\_\_\_\_

*[Handwritten signature]*

*Sen. Dr. Jones has  
my proxy at 58410*

**MONTANA STATE SENATE**



