

HOUSE BILL NO. 391

INTRODUCED BY BALYEAT

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CORRECTING INDIVIDUAL AND CORPORATE TAX LAW THAT
5 RELATES TO FEDERAL TAX LAW, INCLUDING THE TAX ON LUMP-SUM DISTRIBUTIONS, THE
6 COMMERCIAL OR NET METERING SYSTEM INVESTMENT CREDIT, AND THE SMALL BUSINESS
7 INVESTMENT TAX CREDIT; AMENDING SECTIONS 15-30-106, 15-32-402, AND 15-32-405, MCA;
8 REPEALING SECTIONS 15-30-161, 15-30-162, AND 15-31-123, MCA; AND PROVIDING AN IMMEDIATE
9 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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13 **Section 1.** Section 15-30-106, MCA, is amended to read:
14 **"15-30-106. Tax on lump-sum distributions.** (1) ~~There is~~ A separate tax is imposed a separate tax
15 on that portion of a lump-sum distributions distribution for which a deduction was allowed by section 62(a)(8)
16 of the Internal Revenue Code (now repealed).

17 (2) The tax is 10% of the amount of tax determined under section ~~402(e)~~ 402(d) of the Internal Revenue
18 Code ~~of 1954, as amended, or as section 402(e) may be renumbered or amended~~ that was in effect and
19 applicable to a distribution before amendment by section 1401 of Public Law 104-188.

20 (3) All means available for the administration and enforcement of income taxes ~~shall~~ must be applied
21 to the tax on lump-sum distributions."

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23 **Section 2.** Section 15-32-402, MCA, is amended to read:
24 **"15-32-402. Commercial or net metering system investment credit -- alternative energy systems.**
25 (1) An individual, corporation, partnership, or small business corporation as defined in 15-30-1101 that makes
26 an investment of \$5,000 or more in certain depreciable property qualifying under section ~~38~~ 48(a) of the Internal
27 Revenue Code of ~~1954~~ 1986, as amended, for a commercial system or a net metering system, as defined in
28 69-8-103, that is located in Montana and that generates energy by means of an alternative renewable energy
29 source, as defined in 90-4-102, is entitled to a tax credit against taxes imposed by 15-30-103 or 15-31-121 in
30 an amount equal to 35% of the eligible costs, to be taken as a credit only against taxes due as a consequence

1 of taxable or net income produced by one of the following:

- 2 (a) manufacturing plants located in Montana that produce alternative energy generating equipment;
 3 (b) a new business facility or the expanded portion of an existing business facility for which the
 4 alternative energy generating equipment supplies, on a direct contract sales basis, the basic energy needed;
 5 or
 6 (c) the alternative energy generating equipment in which the investment for which a credit is being
 7 claimed was made.

8 (2) For purposes of determining the amount of the tax credit that may be claimed under subsection (1),
 9 eligible costs include only those expenditures that qualify as energy property under section ~~38~~ 48(a)(3) of the
 10 Internal Revenue Code of ~~1954~~ 1986, as amended, and that are associated with the purchase, installation, or
 11 upgrading of:

- 12 (a) generating equipment;
 13 (b) safety devices and storage components;
 14 (c) transmission lines necessary to connect with existing transmission facilities; and
 15 (d) transmission lines necessary to connect directly to the purchaser of the electricity when no other
 16 transmission facilities are available.

17 (3) Eligible costs under subsection (2) must be reduced by the amount of any grants provided by the
 18 state or federal government for the system."
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20 **Section 3.** Section 15-32-405, MCA, is amended to read:

21 **"15-32-405. Exclusion from other tax incentives.** If a credit is claimed for an investment pursuant to
 22 this part, no other state energy or investment tax credit, including but not limited to the tax credits allowed by
 23 ~~15-30-162 and 15-31-123 through~~ 15-31-124 and 15-31-125, may be claimed for the investment. Property tax
 24 reduction allowed by 15-6-201~~(3)~~(4) may not be applied to a facility for which a credit is claimed pursuant to this
 25 part."
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27 NEW SECTION. **Section 4. Repealer.** Sections 15-30-161, 15-30-162, and 15-31-123, MCA, are
 28 repealed.
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30 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

