

HOUSE BILL NO. 136  
INTRODUCED BY M. MILBURN  
BY REQUEST OF THE DEPARTMENT OF MILITARY AFFAIRS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR PAYMENT OF A STATE DEATH BENEFIT TO BENEFICIARIES OF MEMBERS OF THE MONTANA NATIONAL GUARD KILLED AS A RESULT OF STATE ACTIVE DUTY; PROVIDING AN APPROPRIATION; AMENDING SECTION 15-30-116, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Death while on state duty -- death benefit payment -- certification -- rules.** (1) The department of administration shall, upon certification by the department as provided in subsection (2), make a death benefit payment by state warrant in the amount of \$12,000 to the designated beneficiary of a member of the national guard killed in the line of duty performed pursuant to Article VI, section 13, of the Montana constitution.

(2) Upon the death of the member, the department shall certify to the department of administration:

(a) the name and other identifying information of the member killed;

(b) that the member was killed in the line of duty performed pursuant to Article VI, section 13, of the Montana constitution;

(c) that, at the time of the death of the member, the member was being paid or was to be paid for the member's military service from state and not federal military funds; and

(d) the name and address of the beneficiary to whom payment must be made.

(3) If the member failed to designate a beneficiary prior to the death of the member, the department of administration shall pay the death benefit to the member's survivors pursuant to Title 72 as if the member had died intestate.

(4) The department and the department of administration may adopt rules to implement this section.

**Section 2.** Section 15-30-116, MCA, is amended to read:

**"15-30-116. (Temporary) Veterans' bonus, or military salary, 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, the 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) 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.

(3) The amount received pursuant to 10-1-1104 or from the federal government by a service member, as defined in 10-1-1102, as reimbursement for group life insurance premiums paid is considered to be a bonus and is exempt from taxation under this chapter.

(4) The amount received by the designated beneficiary pursuant to [section 1] is exempt from taxation under this chapter. (Terminates on occurrence of contingency--sec. 9, Ch. 604, L. 2005.)

**15-30-116. (Effective on occurrence of contingency) Veterans' bonus, or military salary, 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 hereby exempt from taxation under the income tax laws of the state of Montana, and any income tax which has been or may hereafter be paid on income received from this source shall be considered an overpayment and shall 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) 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.

(3) The amount received by the designated beneficiary pursuant to [section 1] is exempt from taxation under this chapter."

**NEW SECTION. Section 3. Appropriation.** There is appropriated from the general fund to the department of administration for the purposes of [section 1], \$50,000 for the biennium ending June 30, 2009.

**NEW SECTION. Section 4. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 10, chapter 1, and the provisions of Title 10, chapter 1, apply to [section 1].

**NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2007.

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