

## HOUSE BILL NO. 637

INTRODUCED BY KLOCK, OLSON, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING FROM INDIVIDUAL INCOME TAXATION THE SALARY RECEIVED BY A MONTANA RESIDENT UNDER TITLE 10 OR 32 OF THE UNITED STATES CODE AND THE SALARY RECEIVED BY A RESIDENT MEMBER OF THE STATE MILITIA WHILE ON STATE MILITARY DUTY IN CONNECTION WITH A STATE-DECLARED DISASTER OR EMERGENCY; AMENDING SECTION 15-30-116, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, ~~AND~~ A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

**Section 1.** Section 15-30-116, MCA, is amended to read:

**"15-30-116. (Temporary) Veterans' bonus or military salary -- 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~~ a resident of Montana ~~who are serving on active duty in the regular armed forces and who entered into active duty from Montana~~ under the provisions of Title 10 or 32 of the United States Code for military service, including the national guard or as a reservist in the armed forces, is exempt from ~~state income tax~~ taxation under this chapter.

(3) The salary received by a Montana resident who is a member of the state militia provided for in 10-1-103 for STATE MILITARY duty required of the member in connection with a disaster or emergency that has been declared by the proper authority of the state pursuant to Article VI, section 13, of the Montana constitution is exempt from taxation under this chapter.

~~(3)~~(4) 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. (Terminates on occurrence of contingency--sec. 9, Ch. 604, L. 2005.)

**15-30-116. (Effective on occurrence of contingency) ~~Veterans' bonus or~~ Exemption of military salary --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)(1) The salary received from the armed forces by residents a resident of Montana ~~who are serving on active duty in the regular armed forces and who entered into active duty from Montana under the provisions of Title 10 or 32 of the United States Code for military service, including the national guard or as a reservist in the armed forces,~~ is exempt from ~~state income tax~~ taxation under this chapter.~~

~~(2) The salary received by a Montana resident who is a member of the state militia provided for in 10-1-103 for STATE MILITARY duty required of the member in connection with a disaster or emergency that has been declared by the proper authority of the state pursuant to Article VI, section 13, of the Montana constitution is exempt from taxation under this chapter."~~

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 3. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

NEW SECTION. SECTION 4. TERMINATION. [THIS ACT] TERMINATES DECEMBER 31, 2008.

- END -