

SENATE BILL NO. 557  
INTRODUCED BY J. BLACK

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT THE CREDIT FOR NET CAPITAL GAINS INCOME IS BASED ON THE RATIO OF MONTANA SOURCE INCOME FROM NET CAPITAL GAINS TO TOTAL NET CAPITAL GAINS INCOME FROM ALL SOURCES; AMENDING SECTION 15-30-183, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** Section 15-30-183, MCA, is amended to read:

**"15-30-183. Capital gains credit.** An individual taxpayer is allowed a credit against the taxes imposed by 15-30-103 in an amount equal to ~~4% of the taxpayer's net capital gains for tax years 2005 and 2006~~ and 2% of the taxpayer's net capital gains ~~for tax years beginning after 2006~~, as shown on the taxpayer's individual income tax return filed pursuant to 15-30-142, multiplied by the ratio of Montana source income from net capital gains to net capital gains income from all sources. The credit allowed under this section may not exceed the taxpayer's income tax liability, and there is no carryback or carryforward of the credit permitted under this section."

NEW SECTION. **Section 2. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

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