

1 SENATE BILL NO. 375

2 INTRODUCED BY J. PETERSON

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MONTANA CAMPAIGN LAWS;
5 CLARIFYING DEFINITIONS OF "CONTRIBUTION", "EXPENDITURE", AND "POLITICAL COMMITTEE";
6 CLARIFYING TYPES OF POLITICAL COMMITTEES; DEFINING CAMPAIGN-RELATED TERMS; REVISING
7 ATTRIBUTION REQUIREMENTS; PROHIBITING A UNION FROM CONTRIBUTING TO CANDIDATES;
8 INCREASING THE FINES IMPOSED ON CANDIDATES AND POLITICAL COMMITTEES THAT ARE OUT OF
9 COMPLIANCE WITH CERTAIN CAMPAIGN REPORTING AND DISCLOSURE LAWS; CLARIFYING THAT 50%
10 OF FINES RECOVERED ARE DISTRIBUTED TO THE OFFICE OF THE COMMISSIONER OF POLITICAL
11 PRACTICES; ALLOWING FINES RECOVERED TO BE USED FOR ENFORCEMENT AND TO MAINTAIN A
12 SEARCHABLE DATABASE; REQUIRING CERTIFICATION OF THE APPROVAL OF THE BOARD OF
13 DIRECTORS OF A CORPORATION OR UNION FOR EXPENDITURES MADE BY THE CORPORATION OR
14 UNION; ALLOWING A TREASURER FOR CERTAIN INCIDENTAL COMMITTEES TO BE A RESIDENT OF A
15 STATE OTHER THAN MONTANA; REVISING LIMITS ON CONTRIBUTIONS TO CANDIDATES AND
16 POLITICAL COMMITTEES; REVISING LIMITS ON AGGREGATE CONTRIBUTIONS FROM POLITICAL
17 PARTIES; ELIMINATING LIMITS ON AGGREGATE CONTRIBUTIONS CERTAIN CANDIDATES MAY RECEIVE
18 FROM POLITICAL COMMITTEES; REVISING THE TIMES FOR FILING CERTAIN REPORTS; REVISING
19 DISCLOSURE REQUIREMENTS FOR CONTRIBUTIONS RECEIVED; ALLOWING THE COMMISSIONER OF
20 POLITICAL PRACTICES TO REQUIRE CERTAIN REPORTS TO BE FILED ELECTRONICALLY; REQUIRING
21 CERTAIN POLITICAL COMMITTEES TO DISCLOSE THE SOURCE OF CERTAIN REVENUE; CLARIFYING
22 THAT CERTAIN DISCLOSURE REPORTS ARE TO BE FILED REGARDLESS OF AN ENTITY'S TAX STATUS;
23 ELIMINATING THE MONTANA INCOME TAX DEDUCTION FOR INDIVIDUALS FOR POLITICAL
24 CONTRIBUTIONS; PROHIBITING A CORPORATION FROM DEDUCTING POLITICAL CONTRIBUTIONS
25 FROM TAXABLE INCOME; EXPANDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-2-121,
26 13-1-101, 13-35-225, 13-35-227, 13-37-128, 13-37-129, 13-37-201, 13-37-203, 13-37-216, 13-37-226, 13-37-228,
27 13-37-229, 15-30-2131, AND 15-31-114, MCA; REPEALING SECTION 13-37-218, MCA; AND PROVIDING AN
28 APPLICABILITY DATE."

29

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

1

2 **Section 1.** Section 2-2-121, MCA, is amended to read:

3 **"2-2-121. Rules of conduct for public officers and public employees.** (1) Proof of commission of any

4 act enumerated in subsection (2) is proof that the actor has breached a public duty.

5 (2) A public officer or a public employee may not:

6 (a) subject to subsection (7), use public time, facilities, equipment, supplies, personnel, or funds for the

7 officer's or employee's private business purposes;

8 (b) engage in a substantial financial transaction for the officer's or employee's private business purposes

9 with a person whom the officer or employee inspects or supervises in the course of official duties;

10 (c) assist any person for a fee or other compensation in obtaining a contract, claim, license, or other

11 economic benefit from the officer's or employee's agency;

12 (d) assist any person for a contingent fee in obtaining a contract, claim, license, or other economic

13 benefit from any agency;

14 (e) perform an official act directly and substantially affecting to its economic benefit a business or other

15 undertaking in which the officer or employee either has a substantial financial interest or is engaged as counsel,

16 consultant, representative, or agent; or

17 (f) solicit or accept employment, or engage in negotiations or meetings to consider employment, with a

18 person whom the officer or employee regulates in the course of official duties without first giving written

19 notification to the officer's or employee's supervisor and department director.

20 (3) (a) Except as provided in subsection (3)(b), a public officer or public employee may not use public

21 time, facilities, equipment, supplies, personnel, or funds to solicit support for or opposition to any political

22 committee, the nomination or election of any person to public office, or the passage of a ballot issue unless the

23 use is:

24 (i) authorized by law; or

25 (ii) properly incidental to another activity required or authorized by law, such as the function of an elected

26 public officer, the officer's staff, or the legislative staff in the normal course of duties.

27 (b) As used in this subsection (3), "properly incidental to another activity required or authorized by law"

28 does not include any activities related to solicitation of support for or opposition to the nomination or election of

29 a person to public office or political committees organized to support or oppose a candidate or candidates for

30 public office. With respect to ballot issues, properly incidental activities are restricted to:

1 (i) the activities of a public officer, the public officer's staff, or legislative staff related to determining the
2 impact of passage or failure of a ballot issue on state or local government operations;

3 (ii) in the case of a school district, as defined in Title 20, chapter 6, compliance with the requirements of
4 law governing public meetings of the local board of trustees, including the resulting dissemination of information
5 by a board of trustees or a school superintendent or a designated employee in a district with no superintendent
6 in support of or opposition to a bond issue or levy submitted to the electors. Public funds may not be expended
7 for any form of commercial advertising in support of or opposition to a bond issue or levy submitted to the
8 electors.

9 (c) This subsection (3) is not intended to restrict the right of a public officer or public employee to express
10 personal political views.

11 (4) (a) A candidate, as defined in 13-1-101~~(6)(a)~~(7)(a), may not use or permit the use of state funds for
12 any advertisement or public service announcement in a newspaper, on radio, or on television that contains the
13 candidate's name, picture, or voice except in the case of a state or national emergency and then only if the
14 announcement is reasonably necessary to the candidate's official functions.

15 (b) A state officer may not use or permit the use of public time, facilities, equipment, supplies, personnel,
16 or funds to produce, print, or broadcast any advertisement or public service announcement in a newspaper, on
17 radio, or on television that contains the state officer's name, picture, or voice except in the case of a state or
18 national emergency if the announcement is reasonably necessary to the state officer's official functions or in the
19 case of an announcement directly related to a program or activity under the jurisdiction of the office or position
20 to which the state officer was elected or appointed.

21 (5) A public officer or public employee may not participate in a proceeding when an organization, other
22 than an organization or association of local government officials, of which the public officer or public employee
23 is an officer or director is:

24 (a) involved in a proceeding before the employing agency that is within the scope of the public officer's
25 or public employee's job duties; or

26 (b) attempting to influence a local, state, or federal proceeding in which the public officer or public
27 employee represents the state or local government.

28 (6) A public officer or public employee may not engage in any activity, including lobbying, as defined in
29 5-7-102, on behalf of an organization, other than an organization or association of local government officials, of
30 which the public officer or public employee is a member while performing the public officer's or public employee's

1 job duties. The provisions of this subsection do not prohibit a public officer or public employee from performing
2 charitable fundraising activities if approved by the public officer's or public employee's supervisor or authorized
3 by law.

4 (7) A listing by a public officer or a public employee in the electronic directory provided for in 30-17-101
5 of any product created outside of work in a public agency is not in violation of subsection (2)(a) of this section.
6 The public officer or public employee may not make arrangements for the listing in the electronic directory during
7 work hours.

8 (8) A department head or a member of a quasi-judicial or rulemaking board may perform an official act
9 notwithstanding the provisions of subsection (2)(e) if participation is necessary to the administration of a statute
10 and if the person complies with the disclosure procedures under 2-2-131.

11 (9) Subsection (2)(d) does not apply to a member of a board, commission, council, or committee unless
12 the member is also a full-time public employee.

13 (10) Subsections (2)(b) and (2)(e) do not prevent a member of the governing body of a local government
14 from performing an official act when the member's participation is necessary to obtain a quorum or to otherwise
15 enable the body to act. The member shall disclose the interest creating the appearance of impropriety prior to
16 performing the official act."

17

18 **Section 2.** Section 13-1-101, MCA, is amended to read:

19 **"13-1-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
20 definitions apply:

21 (1) "Active elector" means an elector whose name has not been placed on the inactive list due to failure
22 to respond to confirmation notices pursuant to 13-2-220 or 13-19-313.

23 (2) "Active list" means a list of active electors maintained pursuant to 13-2-220.

24 (3) "Anything of value" means any goods that have a certain utility to the recipient that is real and that
25 is ordinarily not given away free but is purchased.

26 (4) "Application for voter registration" means a voter registration form prescribed by the secretary of state
27 that is completed and signed by an elector, submitted to the election administrator, and contains voter registration
28 information subject to verification as provided by law.

29 (5) "Ballot" means a paper ballot counted manually or a paper ballot counted by a machine, such as an
30 optical scan system or other technology that automatically tabulates votes cast by processing the paper ballots.

1 (6) "Ballot issue committee" means a political committee specifically organized to support or oppose a
2 qualified ballot issue.

3 ~~(6)~~(7) "Candidate" means:

4 (a) an individual who has filed a declaration or petition for nomination, acceptance of nomination, or
5 appointment as a candidate for public office as required by law;

6 (b) for the purposes of chapter 35, 36, or 37, an individual who has solicited or received and retained
7 contributions, made expenditures, or given consent to an individual, organization, political party, or committee
8 to solicit or receive and retain contributions or make expenditures on the individual's behalf to secure nomination
9 or election to any office at any time, whether or not the office for which the individual will seek nomination or
10 election is known when the:

11 (i) solicitation is made;

12 (ii) contribution is received and retained; or

13 (iii) expenditure is made; or

14 (c) an officeholder who is the subject of a recall election.

15 (8) "Communication" means:

16 (a) a paid advertisement broadcast over radio, television, cable, or satellite;

17 (b) paid placement of content on the internet or other electronic communication network;

18 (c) a paid advertisement published in a newspaper or periodical or on a billboard;

19 (d) a mailing; or

20 (e) printed materials.

21 ~~(7)~~(9) (a) "Contribution" means:

22 (i) an advance, gift, loan, conveyance, deposit, payment, or distribution of money or anything of value
23 to influence an election;

24 (ii) a transfer of funds between political committees;

25 (iii) the payment by a person other than a candidate or political party committee of compensation for the
26 personal services of another person that are rendered to a candidate or political party committee; or

27 (iv) the transfer or payment of funds to a political committee.

28 (b) "Contribution" does not mean:

29 (i) services provided without compensation by individuals volunteering a portion or all of their time on
30 behalf of a candidate or political committee or meals and lodging provided by individuals in their private

1 residences for a candidate or other individual;

2 (ii) the cost of any bona fide news story, commentary, or editorial distributed through the facilities of any
3 broadcasting station, newspaper, magazine, internet website, or other periodical publication of general circulation;

4 (iii) the cost of any communication by any membership organization or corporation to its members or
5 stockholders or employees; or

6 (iv) filing fees paid by the candidate.

7 (10) "Coordinate", "coordinated", and "coordination" mean made in cooperation with, in consultation with,
8 at the request or suggestion of, or with the prior consent of a candidate or political committee or an agent of a
9 candidate or political committee.

10 ~~(8)~~(11) "Election" means a general, regular, special, or primary election held pursuant to the
11 requirements of state law, regardless of the time or purpose.

12 ~~(9)~~(12) "Election administrator" means the county clerk and recorder or the individual designated by a
13 county governing body to be responsible for all election administration duties, except that with regard to school
14 elections not administered by the county, the term means the school district clerk.

15 (13) (a) "Electioneering communication" means a communication made within 90 days of an election that:

16 (i) refers to one or more clearly identified candidates in that election;

17 (ii) depicts the name, image, likeness, or voice of one or more clearly identified candidates in that
18 election; or

19 (iii) refers to a political party, a ballot issue, or another question submitted to the voters in that election;

20 and

21 (iv) can be received by more than 100 recipients in the district voting on the candidate or ballot issue.

22 (b) The term does not mean:

23 (i) a bona fide news story, commentary, or editorial distributed through the facilities of a broadcasting
24 station, newspaper, magazine, internet website, or other periodical publication of general circulation;

25 (ii) a communication by a membership organization or corporation to its members, stockholders, or
26 employees; or

27 (iii) an independent expenditure.

28 ~~(40)~~(14) "Elector" means an individual qualified to vote under state law.

29 ~~(44)~~(15) (a) "Expenditure" means:

30 (i) a purchase, payment, distribution, loan, advance, promise, pledge, or gift of money or anything of

1 value made for ~~the purpose of influencing the results of an election~~ electioneering communications or
 2 independent expenditures; or

3 (ii) any other transfer of funds, assets, services, or anything of value to a person, group, association,
 4 corporation whether organized for profit or not for profit, labor union, political committee, or any other entity for
 5 the purpose of supporting or engaging in electioneering communications or making an independent expenditure,
 6 whether the communication or expenditure is made by the recipient of the expenditure or by a third party.

7 (b) "Expenditure" does not mean:

8 (i) services, food, or lodging provided in a manner that they are not contributions under subsection ~~(7)~~
 9 ~~(9)~~;

10 (ii) payments by a candidate for a filing fee or for personal travel expenses, food, clothing, lodging, or
 11 personal necessities for the candidate and the candidate's family;

12 (iii) the cost of any bona fide news story, commentary, or editorial distributed through the facilities of any
 13 broadcasting station, newspaper, magazine, internet website, or other periodical publication of general circulation;
 14 or

15 (iv) the cost of any communication by any membership organization or corporation to its members or
 16 stockholders or employees.

17 ~~(12)~~~~(16)~~ "Federal election" means a general or primary election in which an elector may vote for
 18 individuals for the office of president of the United States or for the United States congress.

19 ~~(13)~~~~(17)~~ "General election" or "regular election" means an election held for the election of public officers
 20 throughout the state at times specified by law, including elections for officers of political subdivisions when the
 21 time of the election is set on the same date for all similar political subdivisions in the state. For ballot issues
 22 required by Article III, section 6, or Article XIV, section 8, of the Montana constitution to be submitted by the
 23 legislature to the electors at a general election, "general election" means an election held at the time provided
 24 in 13-1-104(1). For ballot issues required by Article XIV, section 9, of the Montana constitution to be submitted
 25 as a constitutional initiative at a regular election, regular election means an election held at the time provided in
 26 13-1-104(1).

27 ~~(14)~~~~(18)~~ "Inactive elector" means an individual who failed to respond to confirmation notices and whose
 28 name was placed on the inactive list pursuant to 13-2-220 or 13-19-313.

29 ~~(15)~~~~(19)~~ "Inactive list" means a list of inactive electors maintained pursuant to 13-2-220 or 13-19-313.

30 ~~(20)~~ (a) "Incidental committee" means an independent committee that is not specifically organized for a

1 primary purpose of influencing elections but that may incidentally become a political committee by making a
 2 contribution or expenditure to support or oppose a candidate or ballot issue or both.

3 (b) For the purposes of this subsection, "primary purpose" is determined based on criteria that include
 4 allocation of budget, staff, or members' activity and the statement of purpose or goals of the person or individuals
 5 that form the committee.

6 (21) "Independent committee" means a political committee that is not specifically organized on behalf of
 7 a particular candidate or that is not controlled either directly or indirectly by a candidate or candidate's committee
 8 and that does not act jointly with a candidate or candidate's committee in conjunction with making expenditures
 9 or accepting contributions.

10 (22) "Independent expenditure" means an expenditure for a communication made at any time that is not
 11 coordinated with a candidate or ballot issue committee but:

12 (a) contains express words including but not limited to "vote", "oppose", "support", "elect", "defeat", or
 13 "reject" that call for the nomination, election, or defeat of one or more clearly identified candidates, the election
 14 or defeat of one or more political parties, or the passage or defeat of one or more ballot issues submitted to voters
 15 in an election; or

16 (b) otherwise refers to or depicts one or more clearly identified candidates, political parties, or ballot
 17 issues in a manner that is susceptible of no reasonable interpretation other than as a call for the nomination,
 18 election, or defeat of the candidate in an election, the election or defeat of the political party, or the passage or
 19 defeat of the ballot issue or other question submitted to the voters in an election.

20 ~~(16)~~(23) "Individual" means a human being.

21 ~~(17)~~(24) (a) "Issue" or "ballot issue" means a proposal submitted to the people at an election for their
 22 approval or rejection, including but not limited to initiatives, referenda, proposed constitutional amendments, recall
 23 questions, school levy questions, bond issue questions, or a ballot question.

24 (b) For the purposes of chapters 35 and 37, an issue becomes a "ballot issue" upon certification by the
 25 proper official that the legal procedure necessary for its qualification and placement upon the ballot has been
 26 completed, except that a statewide issue becomes a "ballot issue" upon preparation and transmission by the
 27 secretary of state of the form of the petition or referral to the person who submitted the proposed issue.

28 ~~(18)~~(25) "Legally registered elector" means ~~(an individual whose application for voter registration was~~
 29 ~~accepted, processed, and verified as provided by law.~~

30 ~~(19)~~(26) "Mail ballot election" means any election that is conducted under Title 13, chapter 19, by mailing

1 ballots to all active electors.

2 ~~(20)~~(27) "Person" means an individual, corporation, association, firm, partnership, cooperative,
3 committee, club, union, or other organization or group of individuals or a candidate as defined in subsection ~~(6)~~
4 (7).

5 ~~(21)~~(28) "Place of deposit" means a location designated by the election administrator pursuant to
6 13-19-307 for a mail ballot election conducted under Title 13, chapter 19.

7 ~~(22)~~(29) (a) "Political committee" means a combination of two or more individuals or a person other than
8 an individual who makes ~~a contribution or expenditure~~; aggregate contributions or expenditures of \$500 or more.

9 ~~—— (a) to support or oppose a candidate or a committee organized to support or oppose a candidate or a~~
10 ~~petition for nomination; or~~

11 ~~—— (b) to support or oppose a ballot issue or a committee organized to support or oppose a ballot issue; or~~

12 ~~—— (c) as an earmarked contribution.~~

13 (b) A candidate and the candidate's treasurer do not constitute a political committee.

14 (c) Political committees include ballot issue committees, incidental committees, independent committees,
15 and political party committees.

16 (30) "Political party committee" means a political committee formed by a political party organization and
17 includes all county and city central committees. For the purposes of reports required by Title 13, chapter 37, a
18 political party committee is an independent committee.

19 (31) "Political party organization" means a political organization that was represented on the official ballot
20 in any of the three most recent gubernatorial elections.

21 ~~(23)~~(32) "Political subdivision" means a county, consolidated municipal-county government, municipality,
22 special district, or any other unit of government, except school districts, having authority to hold an election for
23 officers or on a ballot issue.

24 ~~(24)~~(33) "Polling place election" means an election primarily conducted at polling places rather than by
25 mail under the provisions of Title 13, chapter 19.

26 ~~(25)~~(34) "Primary" or "primary election" means an election held throughout the state to nominate
27 candidates for public office at times specified by law, including nominations of candidates for offices of political
28 subdivisions when the time for nominations is set on the same date for all similar subdivisions in the state.

29 ~~(26)~~(35) "Provisional ballot" means a ballot cast by an elector whose identity or eligibility to vote has not
30 been verified as provided by law.

1 ~~(27)~~(36) "Provisionally registered elector" means an individual whose application for voter registration
2 was accepted but whose identity or eligibility has not yet been verified as provided by law.

3 ~~(28)~~(37) "Public office" means a state, county, municipal, school, or other district office that is filled by
4 the people at an election.

5 ~~(29)~~(38) "Random-sample audit" means an audit involving a manual count of ballots from designated
6 races and ballot issues in precincts selected through a random process as provided in 13-17-503.

7 ~~(30)~~(39) "Registrar" means the county election administrator and any regularly appointed deputy or
8 assistant election administrator.

9 ~~(31)~~(40) "Special election" means an election other than a statutorily scheduled primary or general
10 election held at any time for any purpose provided by law. It may be held in conjunction with a statutorily
11 scheduled election.

12 ~~(32)~~(41) "Statewide voter registration list" means the voter registration list established and maintained
13 pursuant to 13-2-107 and 13-2-108.

14 ~~(33)~~(42) "Transfer form" means a form prescribed by the secretary of state that may be filled out by an
15 elector to transfer the elector's registration when the elector's residence address has changed within the county.

16 ~~(34)~~(43) "Valid vote" means a vote that has been counted as valid or determined to be valid as provided
17 in 13-15-206.

18 ~~(35)~~(44) "Voted ballot" means a ballot that is:

- 19 (a) deposited in the ballot box at a polling place;
20 (b) received at the election administrator's office; or
21 (c) returned to a place of deposit.

22 ~~(36)~~(45) "Voting system" or "system" means any machine, device, technology, or equipment used to
23 automatically record, tabulate, or process the vote of an elector cast on a paper ballot."
24

25 **Section 3.** Section 13-35-225, MCA, is amended to read:

26 **"13-35-225. ~~Election materials~~ Electioneering communications, independent expenditures, and**
27 **~~campaign or election communications not to be anonymous -- statement of accuracy.~~** (1) (a) All
28 electioneering communications, independent expenditures, and other campaign or election communications
29 advocating the success or defeat of a candidate, political party, or ballot issue through any broadcasting station,
30 newspaper, magazine, outdoor advertising facility, direct mailing, poster, handbill, bumper sticker, internet

1 ~~website, or other form of general political advertising~~ must clearly and conspicuously include the attribution "paid
2 for by" followed by the name and address of the person who made or financed the expenditure for the
3 communication.

4 ~~(b) When~~ For a candidate or a candidate's campaign ~~finances the expenditure~~, the attribution must be
5 the name and the address of the candidate or the candidate's campaign.

6 ~~(c) In the case of~~ For a political committee, the attribution must be the name of the committee, the name
7 of the committee treasurer, and the address of the committee or the committee treasurer.

8 (d) For a political committee that is a corporation or a union, the attribution must be the name of the
9 corporation or union, its chief executive officer or equivalent, and the address of its principal place of business.

10 (e) If a communication is financed by two or more political committees in coordination, the attribution
11 must include the name of each committee.

12 (f) All attributions required by this section must include the website address of the commissioner.

13 (2) Communications in a partisan election financed by a candidate or a political committee organized
14 on the candidate's behalf must state the candidate's party affiliation or include the party symbol.

15 ~~—— (3) (a) Printed election material described in subsection (1) that includes information about another~~
16 ~~candidate's voting record must include:~~

17 ~~—— (i) a reference to the particular vote or votes upon which the information is based;~~

18 ~~—— (ii) a disclosure of contrasting votes known to have been made by the candidate on the same issue if~~
19 ~~closely related in time; and~~

20 ~~—— (iii) a statement, signed as provided in subsection (3)(b), that to the best of the signer's knowledge, the~~
21 ~~statements made about the other candidate's voting record are accurate and true.~~

22 ~~—— (b) The statement required under subsection (3)(a) must be signed:~~

23 ~~—— (i) by the candidate if the election material was prepared for the candidate or the candidate's political~~
24 ~~committee and includes information about another candidate's voting record; or~~

25 ~~—— (ii) by the person financing the communication or the person's legal agent if the election material was not~~
26 ~~prepared for a candidate or a candidate's political committee.~~

27 ~~(4)(3)~~ If a document or other article of advertising is too small for the requirements of subsections (1)
28 ~~through (3) and (2)~~ to be conveniently included, the candidate responsible for the material or the person financing
29 the communication shall file a copy of the article with the commissioner of political practices, together with the
30 required information or statement, at the time of its public distribution.

1 ~~(5)~~(4) If information required in subsections (1) ~~through (3)~~ and (2) is omitted or not printed, upon
 2 discovery of or notification about the omission, the candidate responsible for the material or the person financing
 3 the communication shall:

4 (a) file notification of the omission with the commissioner of political practices within 5 days of the
 5 discovery or notification;

6 (b) bring the material into compliance with subsections (1) ~~through (3)~~ and (2); and

7 (c) withdraw any noncompliant communication from circulation as soon as reasonably possible."
 8

9 **Section 4.** Section 13-35-227, MCA, is amended to read:

10 "**13-35-227. Prohibited contributions from corporations and unions.** (1) A corporation or a union
 11 may not make a contribution ~~or an expenditure in connection with~~ to a candidate ~~or a political committee that~~
 12 ~~supports or opposes a candidate or a political party~~ directly or through an intermediary.

13 (2) A ~~person, candidate, or political committee~~ may not accept or receive a corporate or union
 14 contribution described in subsection (1).

15 (3) A political committee that is not a corporation or a union may establish or administer a separate,
 16 segregated fund to be used for making political contributions to candidates if the fund consists only of
 17 contributions solicited from noncorporate or nonunion sources.

18 ~~(3)~~(4) ~~This section does not prohibit the establishment or administration of~~ A corporation or union may
 19 establish or administer a separate, segregated fund to be used for making political contributions ~~or expenditures~~
 20 to candidates if the fund consists only of voluntary contributions solicited from an individual who is a shareholder,
 21 employee, or member of the corporation or union.

22 ~~(4)~~(5) A person who violates this section is subject to the civil penalty provisions of 13-37-128."
 23

24 **Section 5.** Section 13-37-128, MCA, is amended to read:

25 "**13-37-128. Cause of action created.** (1) A person who intentionally or negligently violates any of the
 26 reporting provisions of this chapter, a provision of 13-35-225, or a provision of Title 13, chapter 35, part 4, is liable
 27 in a civil action brought by the commissioner or a county attorney pursuant to the provisions outlined in 13-37-124
 28 and 13-37-125 for an amount up to \$500 or ~~three~~ four times the amount of the unlawful contributions or
 29 expenditures, whichever is greater.

30 (2) A person who makes or receives a contribution or expenditure in violation of 13-35-227, 13-35-228,

1 or this chapter or who violates 13-35-226 is liable in a civil action brought by the commissioner or a county
 2 attorney pursuant to the provisions outlined in 13-37-124 and 13-37-125 for an amount up to \$500 or ~~three~~ four
 3 times the amount of the unlawful contribution or expenditure, whichever is greater."

4

5 **Section 6.** Section 13-37-129, MCA, is amended to read:

6 **"13-37-129. Liability and disposition of fines.** (1) In determining the amount of liability under
 7 13-37-128, the court may take into account the seriousness of a violation and the degree of culpability of the
 8 defendant. If a judgment is entered against the defendant or defendants in an action brought by the commissioner
 9 or a county attorney in a court other than a justice's court, the commissioner's office or the county shall must
 10 receive 50% of the amount recovered. The remaining 50% ~~shall must~~ be deposited in the general fund of the
 11 state. ~~In an action brought by the commissioner in a court other than a justice's court, the entire amount recovered~~
 12 ~~shall be paid to the general fund of the state.~~

13 (2) The commissioner's office shall use fines recovered through enforcement actions for investigative
 14 enforcement costs and to ensure that its website operates as a downloadable electronic database that is
 15 searchable by each item of information required to be reported. Use of these funds by the commissioner's office
 16 is not limited to investigative enforcement costs or to the website and database and does not preclude the use
 17 of funding from other sources for investigations and the website."

18

19 **Section 7.** Section 13-37-201, MCA, is amended to read:

20 **"13-37-201. Campaign treasurer -- certification for unions or corporations making expenditures.**

21 (1) Except as provided in 13-37-206, each candidate and each political committee shall appoint one campaign
 22 treasurer and certify the full name and complete address of the campaign treasurer pursuant to this section. A
 23 candidate shall file the certification within 5 days after becoming a candidate. A political committee shall file the
 24 certification, which must include an organizational statement and the name and address of all officers, if any,
 25 within 5 days after it makes an expenditure or authorizes another person to make an expenditure on its behalf,
 26 whichever occurs first. The certification of a candidate or political committee must be filed with the commissioner
 27 and the appropriate election administrator as specified for the filing of reports in 13-37-225.

28 (2) The certification of a political committee that is a corporation or a union must include a certification
 29 by the chief executive officer or equivalent of the corporation or union that, within the calendar year in which the
 30 expenditures are made, the board of directors or an equivalent leadership body expressly authorized the

1 corporation or union to make electioneering communications or independent expenditures.

2 (3) A corporation or union that makes or will make expenditures concerning multiple candidates or ballot
 3 issues may file one certification for each election stating that the board approves of all expenditures made by the
 4 corporation or union during a specified calendar year.

5 (4) Pursuant to 13-37-117, the commissioner shall provide a certification form for corporations and
 6 unions required to file under this section."

7

8 **Section 8.** Section 13-37-203, MCA, is amended to read:

9 **"13-37-203. Qualifications of campaign and deputy campaign treasurers.** (1) Any Except as
 10 provided in subsection (2), any campaign or deputy campaign treasurer appointed pursuant to 13-37-201 and
 11 13-37-202 must be a registered voter in this state. An individual may be appointed and serve as a campaign
 12 treasurer of a candidate and a political committee or two or more candidates and political committees. A
 13 candidate may serve as the candidate's own campaign or deputy campaign treasurer. An individual may not serve
 14 as a campaign or deputy campaign treasurer or perform any duty required of a campaign or deputy campaign
 15 treasurer of a candidate or political committee until the individual has been designated and the individual's name
 16 certified by the candidate or political committee.

17 (2) An incidental committee not incorporated in Montana or otherwise formed as a Montana entity may
 18 appoint a treasurer or deputy treasurer who is not a registered voter in this state if the individual appointed is
 19 registered to vote in the state in which the entity is incorporated and if the committee maintains an agent in
 20 Montana that can accept service of process."

21

22 **Section 9.** Section 13-37-216, MCA, is amended to read:

23 **"13-37-216. Limitations on contributions -- adjustment.** (1) (a) Subject to adjustment as provided for
 24 in subsection ~~(4)~~ (3), aggregate contributions for each election cycle in a campaign by a political committee or
 25 by an individual, other than the candidate, to a candidate are limited as follows:

26 (i) for candidates filed jointly for the office of governor and lieutenant governor, not to exceed ~~\$500~~
 27 \$2,000;

28 (ii) for a candidate to be elected for state office in a statewide election, other than the candidates for
 29 governor and lieutenant governor, not to exceed ~~\$250~~ \$1,000;

30 (iii) for a candidate for any other public office, not to exceed ~~\$130~~ \$500.

1 (b) A contribution to a candidate includes contributions made to the candidate's committee and to any
2 political committee organized on the candidate's behalf.

3 ~~———(2) (a)~~ A political committee that is not independent of the candidate is considered to be organized on
4 the candidate's behalf. ~~For the purposes of this section, an independent committee means a committee that is~~
5 ~~not specifically organized on behalf of a particular candidate or that is not controlled either directly or indirectly~~
6 ~~by a candidate or candidate's committee and that does not act jointly with a candidate or candidate's committee~~
7 ~~in conjunction with the making of expenditures or accepting contributions.~~

8 ~~———(b)~~ A leadership political committee maintained by a political officeholder is considered to be organized
9 on the political officeholder's behalf.

10 ~~(3)(2)~~ All political committees except those of political party organizations are subject to the provisions
11 of subsections subsection (1) and ~~(2)~~. For purposes of this subsection, "political party organization" means any
12 political organization that was represented on the official ballot at the most recent gubernatorial election. Political
13 party organizations may form political committees that are subject to the following aggregate limitations, adjusted
14 as provided for in subsection ~~(4)~~ (3), from all political party committees:

15 (a) for candidates filed jointly for the offices of governor and lieutenant governor, not to exceed ~~\$18,000~~
16 \$40,000;

17 (b) for a candidate to be elected for state office in a statewide election, other than the candidates for
18 governor and lieutenant governor, not to exceed ~~\$6,500~~ \$20,000;

19 (c) for a candidate for ~~public service commissioner~~ any other public office, not to exceed ~~\$2,600~~; \$5,000.

20 ~~———(d)~~ for a candidate for the state senate, not to exceed \$1,050;

21 ~~———(e)~~ for a candidate for any other public office, not to exceed \$650.

22 ~~(4)(3)~~ (a) The commissioner shall adjust the limitations in subsections (1) and ~~(3)~~ (2) by multiplying each
23 limit by an inflation factor, which is determined by dividing the consumer price index for June of the year prior to
24 the year in which a general election is held by the consumer price index for June ~~2002~~ 2013.

25 (b) The resulting figure must be rounded up or down to the nearest:

26 (i) \$10 increment for the limits established in subsection (1); and

27 (ii) \$50 increment for the limits established in subsection ~~(3)~~ (2).

28 (c) The commissioner shall publish the revised limitations as a rule.

29 ~~(5)(4)~~ A candidate may not accept any contributions, including in-kind contributions, in excess of the
30 limits in this section.

1 (5) An independent committee that receives contributions or transfers of money from another
 2 independent committee may not contribute or transfer money to independent committees. An independent
 3 committee may coordinate expenditures with another independent committee.

4 (6) For purposes of this section, "election cycle" means the general election ~~or a~~ and the primary election
 5 that involves two or more candidates for the same nomination. If there is not a contested primary, there is only
 6 one election to which the contribution limits apply. If there is a contested primary, then there are two elections to
 7 which the contribution limits apply."

8

9 **Section 10.** Section 13-37-226, MCA, is amended to read:

10 **"13-37-226. Time for filing reports.** (1) Candidates for a state office filled by a statewide vote of all the
 11 electors of Montana, ~~and~~ political committees that are organized to support or oppose a particular statewide
 12 candidate, and ballot issue committees shall file reports electronically as follows:

13 (a) quarterly, due on the ~~fifth~~ 5th day following a calendar quarter, beginning with the calendar quarter
 14 in which funds are received or expended during the year or years prior to the election year that the candidate
 15 expects to be on the ballot ~~or in which the text of the proposed ballot issue is submitted for review and approval~~
 16 pursuant to 13-27-202 during the year or years prior to the election year that an issue is expected to be on the
 17 ballot;

18 (b) on the ~~10th~~ 1st day of ~~each month from March, April, July, August, and September~~ through December
 19 during a year in which an election is held;

20 (c) on the 15th ~~and 5th~~ days day preceding the date on which an election is held;

21 (d) within ~~24 hours~~ 2 business days after receiving a contribution of ~~\$200~~ \$500 or more if received
 22 between the ~~10th~~ 30th day before the election and the day of the election; and

23 ~~—— (e) not more than 20 days after the date of the election; and~~

24 ~~(f)~~ (e) ~~on the 10th day of March and September of~~ quarterly, on the 5th day following the end of a
 25 calendar quarter, in each year following an election until the candidate or political committee files a closing report
 26 as specified in 13-37-228(3).

27 ~~—— (2) Political committees organized to support or oppose a particular statewide ballot issue shall file~~
 28 ~~reports:~~

29 ~~—— (a) quarterly, due on the fifth day following a calendar quarter, beginning with the calendar quarter in~~
 30 ~~which the text of the proposed ballot issue is submitted for review and approval pursuant to 13-27-202 during the~~

1 year or years prior to the election year that an issue is or is expected to be on the ballot;
 2 ~~_____ (b) on the 10th day of March and on the 10th day of each subsequent month through September in each~~
 3 ~~year that an election is to be held;~~
 4 ~~_____ (c) on the 15th and 5th days preceding the date on which an election is held;~~
 5 ~~_____ (d) within 24 hours after receiving a contribution of \$500 or more if received between the 10th day before~~
 6 ~~the election and the day of the election;~~
 7 ~~_____ (e) within 20 days after the election; and~~
 8 ~~_____ (f) on the 10th day of March and September of each year following an election until the political~~
 9 ~~committee files a closing report as specified in 13-37-228(3).~~

10 ~~(3)(2)~~ Candidates for a state district office, including but not limited to candidates for the legislature, the
 11 public service commission, or a district court judge, and political committees that are specifically organized to
 12 support or oppose a particular state district candidate or issue shall file reports:

13 (a) on the ~~12th day~~ 40th and 20th days preceding the date on which an election is held;
 14 (b) within ~~48 hours~~ 2 business days after receiving a contribution of ~~\$100~~ \$200 or more if received
 15 between the ~~47th~~ 30th day before the election and the day of the election. ~~The~~ Except as provided in subsection
 16 (6), the report under this subsection ~~(3)(b)~~ (2)(b) must be made by mail or by electronic communication to the
 17 commissioner pursuant to 13-37-225.

18 (c) not more than 20 days after the date of the election; and
 19 (d) whenever a candidate or political committee files a closing report as specified in 13-37-228(3).

20 ~~(4)(3)~~ Candidates for any other public office and political committees that are specifically organized to
 21 support or oppose a particular local issue shall file the reports specified in subsection ~~(3)~~ (2) only if the total
 22 amount of contributions received or the total amount of funds expended for all elections in a campaign, excluding
 23 the filing fee paid by the candidate, exceeds \$500, except as provided in 13-37-206.

24 ~~(5)(4)~~ For the purposes of this subsection, a committee that is not specifically organized to support or
 25 oppose a particular candidate or ballot issue and that receives contributions and makes expenditures in
 26 conjunction with an election is an independent committee. For the purpose of reporting, a political party committee
 27 is an independent committee. An independent committee shall file:

28 (a) a report on the ~~12th day~~ 40th and 20th days preceding the date of an election in which it participates
 29 by making an expenditure;
 30 (b) a report within ~~24 hours of making an expenditure or incurring a debt or obligation~~ 2 business days

1 of receiving a contribution of \$500 \$1,000 or more for election material described in 13-35-225(1) if made
 2 between the 17th 30th day before the election and the day of the election;

3 (c) a report within 2 business days of making an expenditure or incurring a debt or obligation of \$750
 4 or more for an electioneering communication if the expenditure is made or the debt or obligation is incurred
 5 between the 19th day before the election and the day of the election;

6 ~~(c)(d)~~ a report not more than 20 days after the date of the election in which it participates by making an
 7 expenditure; and

8 ~~(d)(e)~~ a report on a date to be prescribed by the commissioner for a closing report at the close of each
 9 calendar year.

10 ~~(6)(5)~~ The commissioner may promulgate rules regarding the extent to which organizations that are
 11 incidental political committees shall report their politically related activities in accordance with this chapter.

12 (6) The commissioner shall post on the commissioner's website all reports filed under this section within
 13 2 business days of filing. The commissioner may require all reports under this section to be filed electronically.

14 (7) Except as provided in subsections (1)(d), ~~(2)(d)~~ (2)(b), ~~(3)(b)~~, and ~~(5)(b)~~ (4)(b), all reports required
 15 by this section must be complete as of the ~~fifth~~ 5th business day before the date of filing as specified in
 16 13-37-228(2) and this section."

17

18 **Section 11.** Section 13-37-228, MCA, is amended to read:

19 **"13-37-228. Time periods covered by reports.** Reports filed under 13-37-225 and 13-37-226 must be
 20 filed to cover the following time periods even though no contributions or expenditures may have been received
 21 or made during the period:

22 (1) The initial report must cover all contributions received or expenditures made by a candidate or
 23 political committee prior to the time that a person became a candidate or a political committee, as defined in
 24 13-1-101, until the fifth day before the date of filing of the appropriate initial report pursuant to 13-37-226(1)
 25 through ~~(5)~~ (4). Reports filed by political committees organized to support or oppose a statewide ballot issue must
 26 disclose all contributions received and expenditures made prior to the time an issue becomes a ballot issue by
 27 transmission of the petition to the proponent of the ballot issue or referral by the secretary of state even if the
 28 issue subsequently fails to garner sufficient signatures to qualify for the ballot.

29 (2) Subsequent periodic reports must cover the period of time from the closing of the previous report to
 30 5 days before the date of filing of a report pursuant to 13-37-226(1) through ~~(5)~~ (4). For the purposes of this

1 subsection, the reports required under 13-37-226(1)(d), ~~(2)(d)~~ (2)(b), ~~(3)(b)~~, and ~~(5)(b)~~ (4)(b) are not periodic
 2 reports and must be filed as required by 13-37-226(1)(d), ~~(2)(d)~~ (2)(b), ~~(3)(b)~~, or ~~(5)(b)~~ (4)(b), as applicable.

3 (3) Closing reports must cover the period of time from the last periodic report to the final closing of the
 4 books of the candidate or political committee. A candidate or political committee shall file a closing report
 5 following an election in which the candidate or political committee participates whenever all debts and obligations
 6 are satisfied and further contributions or expenditures will not be received or made that relate to the campaign
 7 unless the election is a primary election and the candidate or political committee will participate in the general
 8 election."

9

10 **Section 12.** Section 13-37-229, MCA, is amended to read:

11 **"13-37-229. Disclosure of contributions received.** Each report required by this chapter shall disclose
 12 the following information:

13 (1) the amount of cash on hand at the beginning of the reporting period;

14 (2) the full name, ~~mailing address, occupation,~~ city and state of primary residence, industry, and
 15 employer, if any, of each ~~person~~ individual who has made aggregate contributions, other than loans, of ~~\$35~~ \$100
 16 or more to a candidate or political committee, including the purchase of tickets and other items for events, such
 17 as dinners, luncheons, rallies, and similar fundraising events;

18 (3) the full name, mailing address, principal place of business, and chief executive officer or equivalent
 19 of each person, other than an individual, who has made aggregate contributions of \$100 or more to a candidate
 20 or political committee, including the purchase of tickets and other items for events including but not limited to
 21 dinner, luncheons, rallies, and similar fundraising events;

22 ~~(3)(4)~~ for each person identified under ~~subsection~~ subsections (2) and (3), the aggregate amount of
 23 contributions made by that person within the reporting period and the total amount of contributions made by that
 24 person for all reporting periods;

25 ~~(4)(5)~~ the total sum of individual contributions made to or for a political committee or candidate and not
 26 reported under subsections (2) and ~~(3)~~ through (4);

27 ~~(5)(6)~~ the name and address of each political committee or candidate from which the reporting committee
 28 or candidate received any transfer of funds, together with the amount and dates of all transfers;

29 ~~(6)(7)~~ each loan from any person during the reporting period, together with the full names, mailing
 30 addresses, occupations, and employers, if any, of the lender and endorsers, if any, and the date and amount of

1 each loan;

2 ~~(7)~~(8) the amount and nature of debts and obligations owed to a political committee or candidate, in the
3 form prescribed by the commissioner;

4 ~~(8)~~(9) an itemized account of proceeds that total less than \$35 from a person from mass collections
5 made at fundraising events;

6 ~~(9)~~(10) each contribution, rebate, refund, or other receipt not otherwise listed under subsections (2)
7 through ~~(8)~~ (9) during the reporting period;

8 ~~(10)~~(11) the total sum of all receipts received by or for the committee or candidate during the reporting
9 period; and

10 ~~(11)~~(12) other information that may be required by the commissioner to fully disclose the sources of funds
11 used to support or oppose candidates or issues."

12

13 **NEW SECTION. Section 13. Disclosure of certain data if contributor disclosure not otherwise**
14 **required.** If a political committee makes a contribution or expenditure from its general treasury funds and is not
15 otherwise required by this chapter to disclose its contributors, the committee shall, within 10 business days of
16 making the contribution or expenditure, file with the commissioner a form detailing:

17 (1) all officers and directors of the committee;

18 (2) if the committee is a corporation with shareholders, all shareholders possessing 10% or more of the
19 corporation's stock; and

20 (3) all persons who donated \$2,000 or more to the political committee during the previous 24 months,
21 including:

22 (a) the full name, address, and occupation of the donor; and

23 (b) the date and amount of the contribution.

24

25 **NEW SECTION. Section 14. Reports to be filed regardless of tax status.** A person that makes an
26 independent expenditure or electioneering communication shall file reports required by this chapter, including
27 reports to disclose contribution information as provided in 13-37-229 and to disclose expenditure information as
28 provided in 13-37-230, regardless of the person's tax status under state or federal law.

29

30 **Section 15.** Section 15-30-2131, MCA, is amended to read:

1 **"15-30-2131. Deductions allowed in computing net income.** (1) In computing net income, there are
2 allowed as deductions:

3 (a) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b), and
4 211 of the Internal Revenue Code, 26 U.S.C. 161 and 211, subject to the following exceptions, which are not
5 deductible:

6 (i) items provided for in 15-30-2133;

7 (ii) state income tax paid;

8 (iii) premium payments for medical care as provided in subsection (1)~~(g)~~~~(i)~~(f)(i);

9 (iv) long-term care insurance premium payments as provided in subsection (1)~~(g)~~~~(ii)~~(f)(ii); and

10 (v) a charitable contribution using a charitable gift annuity unless the annuity is a qualified charitable gift
11 annuity as defined in 33-20-701;

12 (b) federal income tax paid within the tax year, not to exceed \$5,000 for each taxpayer filing singly, head
13 of household, or married filing separately or \$10,000 if married and filing jointly;

14 (c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through
15 (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as
16 follows:

17 (i) expenses for household and dependent care services necessary for gainful employment incurred for:

18 (A) a dependent under 15 years of age for whom an exemption can be claimed;

19 (B) a dependent as allowable under 15-30-2114(5), except that the limitations for age and gross income
20 do not apply, who is unable to provide self-care because of physical or mental illness; and

21 (C) a spouse who is unable to provide self-care because of physical or mental illness;

22 (ii) employment-related expenses incurred for the following services, but only if the expenses are incurred
23 to enable the taxpayer to be gainfully employed:

24 (A) household services that are attributable to the care of the qualifying individual; and

25 (B) care of an individual who qualifies under subsection (1)(c)(i);

26 (iii) expenses incurred in maintaining a household if over half of the cost of maintaining the household
27 is furnished by an individual or, if the individual is married during the applicable period, is furnished by the
28 individual and the individual's spouse;

29 (iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

30 (A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during

1 the year only to the extent that the expenses do not exceed \$4,800;

2 (B) expenses for services in the household are deductible under subsection (1)(c)(i) for
3 employment-related expenses only if they are incurred for services in the taxpayer's household, except that
4 employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if
5 incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that the
6 expenses incurred during the year do not exceed:

7 (I) \$2,400 in the case of one qualifying individual;

8 (II) \$3,600 in the case of two qualifying individuals; and

9 (III) \$4,800 in the case of three or more qualifying individuals;

10 (v) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year during
11 which the expenses are incurred, the amount of the employment-related expenses incurred, to be reduced by
12 one-half of the excess of the combined adjusted gross income over \$18,000;

13 (vi) for purposes of this subsection (1)(c):

14 (A) married couples shall file a joint return or file separately on the same form;

15 (B) if the taxpayer is married during any period of the tax year, employment-related expenses incurred
16 are deductible only if:

17 (I) both spouses are gainfully employed, in which case the expenses are deductible only to the extent
18 that they are a direct result of the employment; or

19 (II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

20 (C) an individual legally separated from the individual's spouse under a decree of divorce or of separate
21 maintenance may not be considered as married;

22 (D) the deduction for employment-related expenses must be divided equally between the spouses when
23 filing separately on the same form;

24 (E) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax year
25 and payments made to an individual with respect to whom a deduction is allowable under 15-30-2114(5) are not
26 deductible as employment-related expenses;

27 ~~—— (d) in the case of an individual, political contributions determined in accordance with the provisions of~~
28 ~~section 218(a) and (b) of the Internal Revenue Code of 1954 (now repealed) that were in effect for the tax year~~
29 ~~that ended December 31, 1978;~~

30 ~~(e)(d)~~ that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct

- 1 allowed as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;
- 2 ~~(f)~~(e) contributions to the child abuse and neglect prevention program provided for in 52-7-101, subject
- 3 to the conditions set forth in 15-30-2143;
- 4 ~~(g)~~(f) the entire amount of premium payments made by the taxpayer, except premiums deducted in
- 5 determining Montana adjusted gross income, or for which a credit was claimed under 15-30-2366, for:
- 6 (i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the
- 7 taxpayer's dependents, and the parents and grandparents of the taxpayer; and
- 8 (ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified
- 9 long-term care services, as defined in 26 U.S.C. 7702B(c), for:
- 10 (A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or
- 11 (B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the
- 12 taxpayer for tax years beginning after December 31, 1996;
- 13 ~~(h)~~(g) light vehicle registration fees, as provided for in 61-3-321(2) and 61-3-562, paid during the tax
- 14 year; and
- 15 ~~(i)~~(h) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209,
- 16 81-7-118, or 81-7-201.
- 17 (2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home
- 18 or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child
- 19 and at least one unrelated child in the ordinary course of business may deduct employment-related expenses
- 20 considered to have been paid for the care of the child.
- 21 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal
- 22 to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours of
- 23 care. The employment-related expenses apply regardless of whether any expenses actually have been paid.
- 24 Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).
- 25 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the
- 26 deduction under this subsection (2)."
- 27

28 **Section 16.** Section 15-31-114, MCA, is amended to read:

29 **"15-31-114. Deductions allowed in computing income.** (1) In computing the net income, the following

30 deductions are allowed from the gross income received by the corporation within the year from all sources:

1 (a) all the ordinary and necessary expenses paid or incurred during the taxable year in the maintenance
2 and operation of its business and properties, including reasonable allowance for salaries for personal services
3 actually rendered, subject to the limitation contained in this section, and rentals or other payments required to
4 be made as a condition to the continued use or possession of property to which the corporation has not taken
5 or is not taking title or in which it has no equity. A deduction is not allowed for salaries paid upon which the
6 recipient has not paid Montana state income tax. However, when domestic corporations are taxed on income
7 derived from outside the state, salaries of officers paid in connection with securing the income are deductible.

8 (b) (i) all losses actually sustained and charged off within the year and not compensated by insurance
9 or otherwise, including a reasonable allowance for the wear and tear and obsolescence of property used in the
10 trade or business. The allowance is determined according to the provisions of section 167 of the Internal Revenue
11 Code in effect with respect to the taxable year. All elections for depreciation must be the same as the elections
12 made for federal income tax purposes. A deduction is not allowed for any amount paid out for any buildings,
13 permanent improvements, or betterments made to increase the value of any property or estate, and a deduction
14 may not be made for any amount of expense of restoring property or making good the exhaustion of property for
15 which an allowance is or has been made. A depreciation or amortization deduction is not allowed on a title plant
16 as defined in 33-25-105(15).

17 (ii) There is allowed as a deduction for the taxable period a net operating loss deduction determined
18 according to the provisions of 15-31-119.

19 (c) in the case of mines, other natural deposits, oil and gas wells, and timber, a reasonable allowance
20 for depletion and for depreciation of improvements. The reasonable allowance must be determined according
21 to the provisions of the Internal Revenue Code in effect for the taxable year. All elections made under the Internal
22 Revenue Code with respect to capitalizing or expensing exploration and development costs and intangible drilling
23 expenses for corporation license tax purposes must be the same as the elections made for federal income tax
24 purposes.

25 (d) the amount of interest paid within the year on its indebtedness incurred in the operation of the
26 business from which its income is derived. Interest may not be allowed as a deduction if paid on an indebtedness
27 created for the purchase, maintenance, or improvement of property or for the conduct of business unless the
28 income from the property or business would be taxable under this part.

29 (e) (i) taxes paid within the year, except the following:

30 (A) taxes imposed by this part;

1 (B) taxes assessed against local benefits of a kind tending to increase the value of the property
2 assessed;

3 (C) taxes on or according to or measured by net income or profits imposed by authority of the
4 government of the United States;

5 (D) taxes imposed by any other state or country upon or measured by net income or profits.

6 (ii) Taxes deductible under this part must be construed to include taxes imposed by any county, school
7 district, or municipality of this state.

8 (f) that portion of an energy-related investment allowed as a deduction under 15-32-103;

9 (g) (i) except as provided in subsection (1)(g)(ii) or (1)(g)(iii), charitable contributions and gifts that qualify
10 for deduction under section 170 of the Internal Revenue Code, 26 U.S.C. 170, as amended.

11 (ii) The public service commission may not allow in the rate base of a regulated corporation the inclusion
12 of contributions made under this subsection.

13 (iii) A deduction is not allowed for a charitable contribution using a charitable gift annuity unless the
14 annuity is a qualified charitable gift annuity as defined in 33-20-701.

15 (h) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209,
16 81-7-118, or 81-7-201.

17 (2) In lieu of the deduction allowed under subsection (1)(g), the taxpayer may deduct the fair market
18 value, not to exceed 30% of the taxpayer's net income, of a computer or other sophisticated technological
19 equipment or apparatus intended for use with the computer donated to an elementary, secondary, or accredited
20 postsecondary school located in Montana if:

21 (a) the contribution is made no later than 5 years after the manufacture of the donated property is
22 substantially completed;

23 (b) the property is not transferred by the donee in exchange for money, other property, or services; and

24 (c) the taxpayer receives a written statement from the donee in which the donee agrees to accept the
25 property and representing that the use and disposition of the property will be in accordance with the provisions
26 of subsection (2)(b).

27 (3) In the case of a regulated investment company or a fund of a regulated investment company, as
28 defined in section 851(a) or 851(g) of the Internal Revenue Code of 1986, 26 U.S.C. 851(a) or 851(g), as that
29 section may be amended or renumbered, there is allowed a deduction for dividends paid, as defined in section
30 561 of the Internal Revenue Code of 1986, 26 U.S.C. 561, as that section may be amended or renumbered,

1 except that the deduction for dividends is not allowed with respect to dividends attributable to any income that
2 is not subject to tax under this chapter when earned by the regulated investment company. For the purposes of
3 computing the deduction for dividends paid, the provisions of sections 852(b)(7) and 855 of the Internal Revenue
4 Code of 1986, 26 U.S.C. 852(b)(7) and 855, as those sections may be amended or renumbered, apply. A
5 regulated investment company is not allowed a deduction for dividends received as defined in sections 243
6 through 245 of the Internal Revenue Code of 1986, 26 U.S.C. 243 through 245, as those sections may be
7 amended or renumbered.

8 (4) The taxpayer may not deduct political contributions."

9
10 NEW SECTION. Section 17. Repealer. The following section of the Montana Code Annotated is
11 repealed:

12 13-37-218. Limitations on receipts from political committees.

13
14 NEW SECTION. Section 18. Codification instruction. [Sections 13 and 14] are intended to be codified
15 as an integral part of Title 13, chapter 37, part 2, and the provisions of Title 13, chapter 37, part 2, apply to
16 [sections 13 and 14].

17
18 NEW SECTION. Section 19. Applicability of tax provisions. The amendments to tax provisions in
19 [sections 15 and 16] apply to tax years beginning after December 31, 2013.

20 - END -