

HOUSE BILL NO. 169

INTRODUCED BY A. WITTICH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAXATION OF INDIVIDUAL INCOME; CREATING
5 A TAX CREDIT FOR RESIDENTIAL PROPERTY TAXES PAID FOR TAX YEAR 2016; DECREASING
6 INDIVIDUAL INCOME TAXES LEVIED BY A TOTAL OF 5% FOR TAX YEAR YEARS 2015 AND 2016;
7 PROVIDING THAT THE DECREASE DOES NOT APPLY IN A TAX YEAR WITH A PROJECTED GENERAL FUND
8 BUDGET DEFICIT; AMENDING SECTION 15-30-2103, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
9 DATE, AN A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

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13 NEW SECTION. **Section 1. Tax credit for residential property taxes.** (1) There is allowed a \$100
14 credit against the taxes imposed by 15-30-2103 for taxes imposed and paid on a property taxpayer's class four
15 residential dwelling under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer,
16 manufactured home, or mobile home and as much of the surrounding land as is reasonably necessary for its use
17 as a dwelling and that is occupied by the owner for at least 7 months during the year.

18 (2) If the credit allowed under this section is claimed, the amount of any deduction or credit allowed or
19 allowable under this chapter for the amount that qualifies for this credit or upon which this credit is based must
20 be reduced by the dollar amount of the credit allowed in this section. The election to claim a credit allowed under
21 this section must be made at the time of filing the tax return.

22 (3) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the
23 amount of the credit.

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25 **Section 2.** Section 15-30-2103, MCA, is amended to read:

26 **"15-30-2103. Rate of tax.** (1) ~~There~~ Subject to subsection (3), there must be levied, collected, and paid
27 for each tax year upon the taxable income of each taxpayer subject to this tax, after making allowance for
28 exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income as follows:

- 29 (a) on the first \$2,300 of taxable income or any part of that income, 1%;
30 (b) on the next \$1,800 of taxable income or any part of that income, 2%;



- 1 (c) on the next \$2,100 of taxable income or any part of that income, 3%;
- 2 (d) on the next \$2,200 of taxable income or any part of that income, 4%;
- 3 (e) on the next \$2,400 of taxable income or any part of that income, 5%;
- 4 (f) on the next \$3,100 of taxable income or any part of that income, 6%;
- 5 (g) on any taxable income in excess of \$13,900 or any part of that income, 6.9%.

6 (2) By November 1 of each year, the department shall multiply the bracket amount contained in
7 subsection (1) by the inflation factor for that tax year and round the cumulative brackets to the nearest \$100. The
8 resulting adjusted brackets are effective for that tax year and must be used as the basis for imposition of the tax
9 in subsection (1) of this section.

10 ~~(3) For the tax year ending December 31, 2016, the amount of tax levied, collected, and paid for each~~
11 ~~taxpayer is equal to the amount of tax calculated on the brackets of taxable income in subsection (1) multiplied~~
12 ~~by a tax relief discount factor of 0.95.~~

13 ~~(3) (A) EXCEPT AS PROVIDED IN SUBSECTION (3)(B), FOR TAX YEARS 2015 AND 2016, THE AMOUNT OF TAX~~
14 ~~LEVIED, COLLECTED, AND PAID FOR EACH TAXPAYER IS EQUAL TO THE AMOUNT OF TAX CALCULATED ON THE BRACKETS~~
15 ~~OF TAXABLE INCOME IN SUBSECTION (1) MULTIPLIED BY A TAX RELIEF DISCOUNT FACTOR OF 0.975. THE TAX RELIEF~~
16 ~~DISCOUNT FACTOR MUST BE AVAILABLE TO A TAXPAYER REGARDLESS OF WHETHER THE TAX YEAR IS A CALENDAR YEAR~~
17 ~~OR A FISCAL YEAR.~~

18 ~~(B) SUBSECTION (3)(A) DOES NOT APPLY IN A TAX YEAR WITH A PROJECTED GENERAL FUND BUDGET DEFICIT AS~~
19 ~~PROVIDED IN 17-7-140."~~

21 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
22 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
23 1].

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25 ~~NEW SECTION. Section 4. Applicability.~~ [This act] applies to the tax year beginning after December
26 31, 2015.

28 NEW SECTION. SECTION 4. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.

30 NEW SECTION. SECTION 5. RETROACTIVE APPLICABILITY. [THIS ACT] APPLIES RETROACTIVELY, WITHIN THE

1 MEANING OF 1-2-109, TO INCOME TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

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3 NEW SECTION. Section 6. Termination. [This act] terminates December 31, 2016.

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