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HOUSE BILL NO. 221

INTRODUCED BY T. WELCH, J. DOOLING, E. BUTTREY, D. LOGE, R. FITZGERALD, J. KASSMIER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAX RATES APPLICABLE TO NET LONG-TERM CAPITAL GAINS; AMENDING SECTIONS 15-30-2103 AND 15-30-2120, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-30-2103, MCA, is amended to read:

"15-30-2103. (Temporary) Rate of tax. (1) Except as provided in 15-30-3704 there must be levied, collected, and paid for each tax year upon the taxable income of each taxpayer subject to this tax, after making allowance for exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income as follows:

- (a) on the first \$2,900 of taxable income or any part of that income, 1%;
- (b) on the next \$2,200 of taxable income or any part of that income, 2%;
- (c) on the next \$2,700 of taxable income or any part of that income, 3%;
- (d) on the next \$2,700 of taxable income or any part of that income, 4%;
- (e) on the next \$3,000 of taxable income or any part of that income, 5%;
- (f) on the next \$3,900 of taxable income or any part of that income, 6%;
- (g) on any taxable income in excess of \$17,400 or any part of that income, [6.75%].

(2) By November 1 of each year, the department shall multiply the bracket amount contained in subsection (1) by the inflation factor for the following tax year and round the cumulative brackets to the nearest \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the basis for imposition of the tax in subsection (1) of this section. (Bracketed language is temporarily amended to "6.9%" on occurrence of contingency for income tax years 2022 and 2023 until December 31, 2023--secs. 8, 10, Ch. 488, L. 2021--see compiler's comment.)

15-30-2103. (Effective January 1, 2024) Rate of tax -- net long-term capital gains -- definitions.

1 the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of
2 subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced taxable income.

3 (b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in
4 53-25-118.

5 (7) By November 1 of each year, the department shall multiply the subtraction from federal taxable
6 income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for
7 that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must
8 be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

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10 NEW SECTION. Section 3. Effective date. [This act] is effective January 1, 2024.

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12 ~~COORDINATION SECTION. SECTION 4. COORDINATION INSTRUCTION. (1) IF [THIS ACT] IS PASSED AND~~
13 ~~APPROVED AND DOES NOT CONTAIN THE PERCENTAGES OF 4.1% AND 3.0% IN THE AMENDED PORTION OF [SECTION 1]~~
14 ~~OF [THIS ACT], AND IF ANY OF THE FIVE BILLS IDENTIFIED IN SUBSECTION (2) ARE NOT PASSED AND APPROVED, THEN THE~~
15 ~~PERCENTAGE OF 4.1% IN THE INTRODUCED VERSION OF [THIS ACT] IS REPLACED WITH 4.5% AND THE PERCENTAGE OF~~
16 ~~3.0% IN THE INTRODUCED VERSION OF [THIS ACT] IS REPLACED WITH 3.5% THROUGHOUT [SECTION 1] OF [THIS ACT].~~

17 ~~(2) THE FIVE BILLS ARE:~~

18 ~~(A) HOUSE BILL NO. 192;~~

19 ~~(B) HOUSE BILL NO. 212;~~

20 ~~(C) HOUSE BILL NO. 222;~~

21 ~~(D) HOUSE BILL NO. 251; AND~~

22 ~~(E) HOUSE BILL NO. 267.~~

23

24 NEW SECTION. Section 4. Applicability. [This act] applies to tax years beginning after December
25 31, 2023.

26 - END -

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