

1 HOUSE BILL NO. 221
2 INTRODUCED BY T. WELCH, J. DOOLING, E. BUTTREY, D. LOGE, R. FITZGERALD, J. KASSMIER
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAX RATES APPLICABLE TO NET LONG-TERM
5 CAPITAL GAINS; AMENDING SECTIONS 15-30-2103 AND 15-30-2120, MCA; AND PROVIDING A DELAYED
6 EFFECTIVE DATE AND AN APPLICABILITY DATE."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9
10 **Section 1.** Section 15-30-2103, MCA, is amended to read:

11 **"15-30-2103. (Temporary) Rate of tax.** (1) Except as provided in 15-30-3704 there must be levied,
12 collected, and paid for each tax year upon the taxable income of each taxpayer subject to this tax, after making
13 allowance for exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income
14 as follows:

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

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

Amendment - 1st Reading/2nd House-blue - Requested by: Ryan Lynch - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0221.002.002

1 (6) (a) An individual who contributes to one or more accounts established under the Montana
2 achieving a better life experience program or to a qualified program established and maintained by another
3 state may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of
4 married taxpayers, each spouse is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions
5 to the accounts. Spouses may jointly elect to treat one-half of the total contributions made by the spouses as
6 being made by each spouse. The reduction in taxable income under this subsection (6)(a) applies only with
7 respect to contributions to an account for which the account owner is the taxpayer, the taxpayer's spouse, or
8 the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of
9 subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced taxable income.

10 (b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in
11 53-25-118.

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

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

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19 ~~COORDINATION SECTION. SECTION 4. COORDINATION INSTRUCTION. (1) IF [THIS ACT] IS PASSED AND~~
20 ~~APPROVED AND DOES NOT CONTAIN THE PERCENTAGES OF 4.1% AND 3.0% IN THE AMENDED PORTION OF [SECTION 1]~~
21 ~~OF [THIS ACT], AND IF ANY OF THE FIVE BILLS IDENTIFIED IN SUBSECTION (2) ARE NOT PASSED AND APPROVED, THEN THE~~
22 ~~PERCENTAGE OF 4.1% IN THE INTRODUCED VERSION OF [THIS ACT] IS REPLACED WITH 4.5% AND THE PERCENTAGE OF~~
23 ~~3.0% IN THE INTRODUCED VERSION OF [THIS ACT] IS REPLACED WITH 3.5% THROUGHOUT [SECTION 1] OF [THIS ACT].~~

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

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

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

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

Amendment - 1st Reading/2nd House-blue - Requested by: Ryan Lynch - (S) Finance and Claims

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1 ~~(D) — HOUSE BILL NO. 251; AND~~

2 ~~(E) — HOUSE BILL NO. 267.~~

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4 NEW SECTION. **Section 4. Applicability.** [This act] applies to tax years beginning after December
5 31, 2023.

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- END -

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AMENDED