

1 \*\*\*\* BILL NO. \*\*\*\*  
2 INTRODUCED BY \*\*\*\*  
3 BY REQUEST OF THE \*\*\*\*  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT ALIGNING THE DISTRIBUTION PERIOD FOR A MONTANA  
6 FARM AND RANCH RISK MANAGEMENT ACCOUNT; AMENDING SECTION 15-30-3005, MCA; AND  
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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11 **Section 1.** Section 15-30-3005, MCA, is amended to read:

12 **"15-30-3005. (Temporary) Montana farm and ranch risk management account -- distributions.**

13 (1) Distributions from the account may be used for any purpose the taxpayer chooses.

14 (2) Distributions from an account:

15 (a) are first attributable to income and then to other deposits; and

16 (b) must be considered to be made from deposits in the order in which the deposits were made,

17 beginning with the earliest deposits. Income is considered to be deposited on the date the income is received  
18 by the account.

19 (3) All distributions from the account are taxable unless:

20 (a) the deposit, or that portion of the deposit to which the distribution is attributable, was not excluded  
21 from adjusted gross income for the tax year the deposit was made; or

22 (b) the distribution has already been taxed because it was considered a distribution as provided in  
23 subsection (4).

24 (4) (a) (i) Amounts that are not distributed within the 5-year-3-year eligibility period established in  
25 subsection (4)(a)(ii) are considered to be distributed to the taxpayer on the last day of the tax year in which the  
26 fifth anniversary of the deposit occurs. The distribution is taxable, and a penalty equal to 10% of the tax due on  
27 the distributed amount is added to the tax as a penalty.

28 (ii) The 5-year-3-year eligibility period for withdrawal of a deposit without penalty is the due date,

1 including extensions, for the filing of a tax return required by this chapter or, if the taxpayer files earlier, the date  
2 the taxpayer files the return for the tax year in which the fifth anniversary of the deposit occurs.

3 (b) At the end of the first disqualification period after a period in which the taxpayer was engaged in  
4 eligible agricultural business, the balance of the account is considered to be distributed to the taxpayer and is  
5 taxable to the taxpayer. (Terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)

6 **15-30-3005. (Temporary -- effective January 1, 2024) Montana farm and ranch risk management**  
7 **account -- distributions.** (1) Distributions from the account may be used for any purpose the taxpayer  
8 chooses.

9 (2) Distributions from an account:

10 (a) are first attributable to income and then to other deposits; and

11 (b) must be considered to be made from deposits in the order in which the deposits were made,  
12 beginning with the earliest deposits. Income is considered to be deposited on the date the income is received  
13 by the account.

14 (3) All distributions from the account are taxable unless:

15 (a) the deposit, or that portion of the deposit to which the distribution is attributable, was not excluded  
16 from income in calculating Montana individual income taxes for the tax year the deposit was made; or

17 (b) the distribution has already been taxed because it was considered a distribution as provided in  
18 subsection (4).

19 (4) (a) (i) Amounts that are not distributed within the ~~5-year~~3-year eligibility period established in  
20 subsection (4)(a)(ii) are considered to be distributed to the taxpayer on the last day of the tax year in which the  
21 fifth anniversary of the deposit occurs. The distribution is taxable, and a penalty equal to 10% of the tax due on  
22 the distributed amount is added to the tax as a penalty.

23 (ii) The ~~5-year~~3-year eligibility period for withdrawal of a deposit without penalty is the due date,  
24 including extensions, for the filing of a tax return required by this chapter or, if the taxpayer files earlier, the date  
25 the taxpayer files the return for the tax year in which the fifth anniversary of the deposit occurs.

26 (b) At the end of the first disqualification period after a period in which the taxpayer was engaged in  
27 eligible agricultural business, the balance of the account is considered to be distributed to the taxpayer and is  
28 taxable to the taxpayer. (Terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

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2            NEW SECTION. Section 2. {standard} Effective date. [This act] is effective on passage and

3 approval.

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- END -

DRAFT