

1 SENATE BILL NO. 514  
 2 INTRODUCED BY B. MOLNAR  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR INDIVIDUAL INCOME TAX REFUNDS OF  
 5 SURPLUS REVENUE; PROVIDING REFUNDABLE INCOME TAX CREDITS FOR SOCIAL SECURITY, TIER  
 6 1 RAILROAD RETIREMENT, AND MILITARY PENSION OR MILITARY RETIREMENT INCOME SUBJECT TO  
 7 STATE INCOME TAXES IN ~~2021 AND~~ 2022; PROVIDING A REFUNDABLE INCOME TAX CREDIT FOR  
 8 INCOME THAT WAS TAXED AT A RATE EXCEEDING 5.9% IN TAX YEAR 2022; PROVIDING DEFINITIONS;  
 9 PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-30-2110 AND 15-30-2120, MCA; AND  
 10 PROVIDING EFFECTIVE DATES, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."  
 11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 NEW SECTION. **Section 1. Surplus revenue income tax credits -- social security and tier 1**  
 15 **railroad retirement income -- military pension and retirement income -- rate reduction.** (1) For tax year  
 16 2023, an individual resident taxpayer is allowed credits against the taxes imposed by 15-30-2103 in an amount  
 17 equal to the total amount of state income taxes paid on:

- 18 (a) social security benefits or tier 1 railroad retirement benefits received or accrued while a resident  
 19 of the state in tax ~~years 2021 and year~~ 2022;
- 20 (b) military pensions or military retirement income received or accrued while a resident of the state  
 21 in tax ~~years 2021 and year~~ 2022; and
- 22 (c) taxable income that was taxed at a rate greater than 5.9% while a resident of the state in tax  
 23 year 2022.

24 (2) For the purpose of subsections (1)(a) and (1)(b), the department shall prepare forms that are  
 25 filed with the 2023 individual income tax return that provide for a calculation of the amount of tax liabilities a  
 26 taxpayer would have had in tax ~~years 2021 and year~~ 2022 if social security or tier 1 railroad retirement income  
 27 and military pension or military retirement income were exempt from income tax in tax ~~years 2021 and year~~  
 28 2022. The credit amount is equal to the amount of tax liability reported on the ~~2021 and 2022 returns return~~

1 minus the tax liability as recalculated pursuant to this subsection. The recalculated tax amount must provide for  
2 a reduction in tax rates pursuant to subsection (3). If the recalculated tax liability is less than zero, the credit  
3 must also include the amount of the refund that would have been issued.

4 (3) For the purpose of subsection (1)(c), the department shall prepare a form that is filed with the  
5 2023 individual income tax return that provides for a calculation of the amount of tax liabilities a taxpayer would  
6 have had in tax year 2022 if the rate of tax in 15-30-2103(1)(f) and (1)(g) was 5.9%. The credit amount is equal  
7 to the amount of tax liability reported on the 2022 return minus the tax liability as recalculated pursuant to this  
8 subsection. The recalculated tax amount must provide for a reduction in tax liability pursuant to subsection (2).  
9 If the recalculated tax liability is less than zero, the credit must also include the amount of the refund that would  
10 have been issued.

11 (4) The credits provided by this section may be claimed even though the taxpayer has no income  
12 taxable under this chapter.

13 (5) The department may adopt rules, prepare forms, and maintain records that are necessary to  
14 implement the credits provided by this section.

15 (6) The tax credits received pursuant to this section are exempt from state income taxes.

16 (7) For the purposes of this section, "military pension or military retirement income" means money  
17 that is received by a retired member of:

- 18 (a) the armed forces of the United States, as defined in 10 U.S.C. 101;
- 19 (b) the Montana army national guard or the army national guard of other states;
- 20 (c) the Montana air national guard or the air national guard of other states; or
- 21 (d) a reserve component, as defined in 38 U.S.C. 101, of the United States armed forces; and
- 22 (e) all income received as survivor benefits for military service provided for in subsections (7)(a)  
23 through (7)(d).

24

25 **Section 2.** Section 15-30-2110, MCA, is amended to read:

26 **"15-30-2110. (Temporary) Adjusted gross income.** (1) Subject to subsection (15), adjusted gross  
27 income is the taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code,  
28 26 U.S.C. 62, and in addition includes the following: