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HOUSE BILL NO. 363

INTRODUCED BY B. CARTER, M. WEATHERWAX, C. KEOGH, J. WINDY BOY, T. RUNNING WOLF, J.

LYNCH, E. MATTHEWS

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING TAX RATES FOR THE INDIVIDUAL INCOME TAX TO PROVIDE FOR A NEW UPPERMOST TAX RATE; AMENDING SECTION 15-30-2103, 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.)

1 **15-30-2103. (Effective January 1, 2024) Rate of tax.** (1) Except as provided in 15-30-3704 and
2 subsection (2) of this section, there must be levied, collected, and paid for each tax year upon the Montana
3 taxable income of each taxpayer subject to this chapter a tax on the brackets of taxable income as follows:

4 (a) for every married individual who files a joint return and for every surviving spouse:

5 (i) on the first \$41,000 of Montana taxable income or any part of that income, ~~4.7%~~ 4.4%;

6 (ii) on the next \$459,000 of Montana taxable income or any part of that income, 6.5%;

7 ~~(ii)(iii)~~ (iii) on any Montana taxable income in excess of ~~\$41,000~~ \$500,000 or any part of that income,
8 ~~6.5%~~ 7%;

9 (b) for every head of household:

10 (i) on the first \$30,750 of Montana taxable income or any part of that income, ~~4.7%~~ 4.4%;

11 (ii) on the next \$344,250 of Montana taxable income or any part of that income, 6.5%;

12 ~~(ii)(iii)~~ (iii) on any Montana taxable income in excess of ~~\$30,750~~ \$375,000 or any part of that income,
13 ~~6.5%~~ 7%;

14 (c) for every individual other than a surviving spouse or head of household who is not a married
15 individual:

16 (i) on the first \$20,500 of Montana taxable income or any part of that income, ~~4.7%~~ 4.4%;

17 (ii) on the next \$229,500 of Montana taxable income or any part of that income, 6.5%;

18 ~~(ii)(iii)~~ (iii) on any Montana taxable income in excess of ~~\$20,500~~ \$250,000 or any part of that income,
19 ~~6.5%~~ 7%;

20 (d) for every married individual who does not make a joint return and for every estate or trust not
21 exempt from taxation under the Internal Revenue Code:

22 (i) on the first \$20,500 of Montana taxable income or any part of that income, ~~4.7%~~ 4.4%;

23 (ii) on the next \$229,500 of Montana taxable income or any part of that income, 6.5%;

24 ~~(ii)(iii)~~ (iii) on any Montana taxable income in excess of ~~\$20,500~~ \$250,000 or any part of that income,
25 ~~6.5%~~ 7%.

26 (2) By November 1 of each year, the department shall multiply the bracket amounts contained in
27 subsection (1) by the inflation factor for the following tax year and round the cumulative brackets to the nearest
28 \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the basis for

Amendment - 1st Reading-white - Requested by: Bob Carter - (H) Taxation

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0363.001.001

1 imposition of the tax in subsection (1)."

2

3 NEW SECTION. **Section 2. Effective date.** [This act] is effective January 1, 2024.

4

5 NEW SECTION. **Section 3. Applicability.** [This act] applies to income tax years beginning after

6 December 31, 2023.

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- END -

AMENDED