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69th Legislature 2025 Drafter: Jaret Coles, HB0337.001.001

1		HOUSE BILL NO. 337	
2	INTRODUCE	D BY B. LER, W. GALT, L. SCHUBERT, R. GREGG, M. THIEL, E. TILLEMAN, E. BUTTREY, S.	
3	GIST, C. HINK	KLE, L. JONES, C. SPRUNGER, S. FITZPATRICK, G. OBLANDER, K. ZOLNIKOV, J. ETCHART	
4	L. DEMIN	G, B. BARKER, L. BREWSTER, G. HERTZ, B. MITCHELL, K. SEEKINS-CROWE, Z. WIRTH	
5			
6	A BILL FOR A	N ACT ENTITLED: "AN ACT GENERALLY REVISING INCOME TAXES; REVISING BRACKETS	
7	TO LOWER IN	ICOME TAXES; INCREASING THE AMOUNT OF MONTANA TAXABLE INCOME BEFORE	
8	APPLICATION	OF A HIGHER RATE OF TAX; REDUCING THE HIGHEST INCOME TAX RATE; AMENDING	
9	SECTION 15-3	30-2103, MCA; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A	
10	TERMINATION DATE."		
11			
12	BE IT ENACTI	ED BY THE LEGISLATURE OF THE STATE OF MONTANA:	
13			
14	Section	on 1. Section 15-30-2103, MCA, is amended to read:	
15	"15-30	0-2103. Rate of tax net long-term capital gains definitions. (1) Except as provided in	
16	subsections (2) and (3) subsection (2), there must be levied, collected, and paid for each tax year on the		
17	Montana taxat	ole income of each taxpayer subject to this chapter a tax on the brackets of taxable income as	
18	follows:		
19	(a)	for every married individual who files a joint return and for every surviving spouse:	
20	(i)	on the first \$41,000 \$140,000 of Montana taxable income or any part of that income, 4.7%;	
21	(ii)	on any Montana taxable income in excess of \$41,000 \$140,000 or any part of that income,	
22	5.9% <u>5.65%</u> ;		
23	(b)	for every head of household:	
24	(i)	on the first \$30,750 \$105,000 of Montana taxable income or any part of that income, 4.7%;	
25	(ii)	on any Montana taxable income in excess of \$30,750 \$105,000 or any part of that income,	
26	5.9% <u>5.65%</u> ;		
27	(c)	for every individual other than a surviving spouse or head of household who is not a married	
28	individual:		



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1 (i) on the first \$20,500 \$70,000 of Montana taxable income or any part of that income, 4.7%; 2 (ii) on any Montana taxable income in excess of \$20,500 \$70,000 or any part of that income, 5.9% 5.65%; 3 4 (d) for every married individual who does not make a joint return and for every estate or trust not 5 exempt from taxation under the Internal Revenue Code: 6 (i) on the first \$20,500 \$70,000 of Montana taxable income or any part of that income, 4.7%; 7 (ii) on any Montana taxable income in excess of \$20,500 \$70,000 or any part of that income, 5.9% 8 5.65%. 9 (2) Except as provided in 15-30-3704 and subsection (3) of this section, that portion of a taxpayer's 10 Montana taxable income that consists of net long-term capital gains after accounting for amounts included in 11 taxable income that is not net long-term capital gains is subject to a tax on the brackets of net long-term capital 12 gains as follows: 13 for every married individual who files a joint return and for every surviving spouse: (a) on the first \$41,000 \$140,000 less nonqualified taxable income of net long-term capital gains, 14 (i) 15 3.0%; 16 (ii) on net long-term capital gains that exceed \$41,000 \$140,000 less nongualified taxable income 17 or any part of that income, 4.1%, except that if the total nonqualified taxable income is \$41,000 \$140,000 or 18 greater, all of the net long-term capital gains are taxed at 4.1%; 19 (b) for every head of household: 20 on the first \$30,750 \$105,000 less nonqualified taxable income of net long-term capital gains, (i) 3.0%; 21 22 (ii) on any net long-term capital gains that exceed \$30,750 \$105,000 less nonqualified taxable 23 income or any part of that income, 4.1%, except that if the total nonqualified taxable income is \$30,750 24 \$105,000 or greater, all of the net long-term capital gains are taxed at 4.1%; 25 for every individual other than a surviving spouse or head of household who is not a married (c) individual: 26 27 (i) on the first \$20,500 \$70,000 less nonqualified taxable income of net long-term capital gains, 28 3.0%;



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1	(ii)	on any net long-term capital gains that exceed \$20,500 \$70,000 less nonqualified taxable	
2	income or any	part of that income, 4.1%, except that if the total nonqualified taxable income is \$20,500 \$70,000	
3	or greater, all c	of the net long-term capital gains are taxed at 4.1%;	
4	(d)	for every married individual who does not make a joint return and for every estate or trust that	
5	is not exempt f	rom taxation under the Internal Revenue Code:	
6	(i)	on the first \$20,500 \$70,000 less nonqualified taxable income of net long-term capital gains,	
7	3.0%;		
8	(ii)	on any net long-term capital gains that exceed \$20,500 \$70,000 less nonqualified taxable	
9	income or any	part of that income, 4.1%, except that if the total nonqualified taxable income is \$20,500 \$70,000	
10	or greater, all o	of the net long-term capital gains are taxed at 4.1%.	
11	(3)	By November 1 of each year, the department shall multiply the bracket amounts contained in	
12	subsections (1)	and (2) by the inflation factor for the following tax year and round the cumulative brackets to the	
13	nearest \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the		
14	basis for imposition of the tax in subsections (1) and (2).		
15	(4) (3)	For the purposes of this section, the following definitions apply:	
16	(a)	"Net long-term capital gains" means net long-term capital gains as that term is defined in	
17	section 1222 of the Internal Revenue Code, 26 U.S.C. 1222.		
18	(b)	"Nonqualified taxable income" means Montana taxable income that is not considered net long-	
19	term capital gains."		
20			
21	Sectio	n 2. Section 15-30-2103, MCA, is amended to read:	
22	"15-30	-2103. Rate of tax net long-term capital gains definitions. (1) Except as provided in	
23	subsections (2) and (3), there must be levied, collected, and paid for each tax year on the Montana taxable		
24	income of each taxpayer subject to this chapter a tax on the brackets of taxable income as follows:		
25	(a)	for every married individual who files a joint return and for every surviving spouse:	
26	(i)	on the first \$41,000 \$200,000 of Montana taxable income or any part of that income, 4.7%;	
27	(ii)	on any Montana taxable income in excess of \$41,000 \$200,000 or any part of that income,	
28	5.9% <u>5.4%</u> ;		



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1	(b)	for every head of household:	
2	(i)	on the first \$30,750 \$150,000 of Montana taxable income or any part of that income, 4.7%;	
3	(ii)	on any Montana taxable income in excess of \$30,750 \$150,000 or any part of that income,	
4	5.9% <u>5.4%</u> ;		
5	(c)	for every individual other than a surviving spouse or head of household who is not a married	
6	individual:		
7	(i)	on the first \$20,500 \$100,000 of Montana taxable income or any part of that income, 4.7%;	
8	(ii)	on any Montana taxable income in excess of \$20,500 \$100,000 or any part of that income,	
9	5.9% <u>5.4%</u> ;		
10	(d)	for every married individual who does not make a joint return and for every estate or trust not	
11	exempt from taxation under the Internal Revenue Code:		
12	(i)	on the first \$20,500 \$100,000 of Montana taxable income or any part of that income, 4.7%;	
13	(ii)	on any Montana taxable income in excess of \$20,500 \$100,000 or any part of that income,	
14	5.9% <u>5.4%</u> .		
15	(2)	Except as provided in 15-30-3704 and subsection (3) of this section and subsection (3) of this	
16	section, that portion of a taxpayer's Montana taxable income that consists of net long-term capital gains after		
17	accounting for	amounts included in taxable income that is not net long-term capital gains is subject to a tax on	
18	the brackets o	f net long-term capital gains as follows:	
19	(a)	for every married individual who files a joint return and for every surviving spouse:	
20	(i)	on the first \$41,000-\$200,000 less nonqualified taxable income of net long-term capital gains,	
21	3.0%;		
22	(ii)	on net long-term capital gains that exceed \$41,000 \$200,000 less nonqualified taxable income	
23	or any part of t	that income, 4.1%, except that if the total nonqualified taxable income is \$41,000 \$200,000 or	
24	greater, all of the net long-term capital gains are taxed at 4.1%;		
25	(b)	for every head of household:	
26	(i)	on the first \$30,750 \$150,000 less nonqualified taxable income of net long-term capital gains,	
27	3.0%;		
28	(ii)	on any net long-term capital gains that exceed \$30,750 \$150,000 less nonqualified taxable	



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1 income or any part of that income, 4.1%, except that if the total nonqualified taxable income is \$30,750 2 \$150,000 or greater, all of the net long-term capital gains are taxed at 4.1%; 3 for every individual other than a surviving spouse or head of household who is not a married (c) individual: 4 5 on the first \$20,500 \$100,000 less nonqualified taxable income of net long-term capital gains, (i) 6 3.0%; 7 (ii) on any net long-term capital gains that exceed \$20,500 \$100,000 less nonqualified taxable 8 income or any part of that income, 4.1%, except that if the total nonqualified taxable income is \$20,500 9 \$100,000 or greater, all of the net long-term capital gains are taxed at 4.1%; 10 (d) for every married individual who does not make a joint return and for every estate or trust that 11 is not exempt from taxation under the Internal Revenue Code: 12 on the first \$20,500 \$100,000 less nonqualified taxable income of net long-term capital gains, (i) 3.0%; 13 on any net long-term capital gains that exceed \$20,500 \$100,000 less nonqualified taxable 14 (ii) 15 income or any part of that income, 4.1%, except that if the total nonqualified taxable income is \$20,500 16 \$100,000 or greater, all of the net long-term capital gains are taxed at 4.1%. 17 (3) By November 1 of each year, the department shall multiply the bracket amounts contained in 18 subsections (1) and (2) by the modified inflation factor for the following tax year and round the cumulative 19 brackets to the nearest \$100. The resulting adjusted brackets are effective for that following tax year and must 20 be used as the basis for imposition of the tax in subsections (1) and (2). 21 (4) For the purposes of this section, the following definitions apply: 22 (a) "Modified inflation factor" has the same meaning as "inflation factor" as defined in 15-30-2101, 23 except that the consumer price index for June 2027 2026 is substituted for the consumer price index for June 24 2023. 25 "Net long-term capital gains" means net long-term capital gains as that term is defined in section 1222 of the Internal Revenue Code, 26 U.S.C. 1222. 26 27 "Nonqualified taxable income" means Montana taxable income that is not considered net long-(b)(c)



term capital gains."

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2	NEW SECTION. Section 3. Transition. The modified inflation factor provided for in 15-30-2103(3)				
3	does not apply until tax year 2028.				
4					
5	NEW SECTION. Section 4. Effective dates. (1) Except as provided in subsections (2) and (3), [this				
6	act] is effective on October 1, 2025.				
7	(2) [Section 1] is effective January 1, 2026.				
8	(3) [Section 2] is effective January 1, 2027.				
9					
10	NEW SECTION. Section 5. Applicability. (1) [Section 1] applies to the income tax year beginning				
11	January 1, 2026.				
12	(2) [Section 2] applies to income tax years beginning after December 31, 2026.				
13					
14	NEW SECTION. Section 6. Termination. [Section 1] terminates December 31, 2026.				
15	- END -				

