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HB 868.1

1		HOUSE BILL NO. 868	
2		INTRODUCED BY S. ROSENZWEIG	
3			
4	A BILL FOR AI	N ACT ENTITLED: "AN ACT REVISING TAX RATES FOR NET LONG-TERM CAPITAL GAINS;	
5	AMENDING SI	ECTION 15-30-2103, MCA; AND PROVIDING AN APPLICABILITY DATE."	
6			
7	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:		
8			
9	Sectio	n 1. Section 15-30-2103, MCA, is amended to read:	
10	"15-30	-2103. Rate of tax net long-term capital gains definitions. (1) Except as provided in	
11	subsections (2) and (3), there must be levied, collected, and paid for each tax year on the Montana taxable	
12	income of each	n taxpayer subject to this chapter a tax on the brackets of taxable income as follows:	
13	(a)	for every married individual who files a joint return and for every surviving spouse:	
14	(i)	on the first \$41,000 of Montana taxable income or any part of that income, 4.7%;	
15	(ii)	on any Montana taxable income in excess of \$41,000 or any part of that income, 5.9%;	
16	(b)	for every head of household:	
17	(i)	on the first \$30,750 of Montana taxable income or any part of that income, 4.7%;	
18	(ii)	on any Montana taxable income in excess of \$30,750 or any part of that income, 5.9%;	
19	(C)	for every individual other than a surviving spouse or head of household who is not a married	
20	individual:		
21	(i)	on the first \$20,500 of Montana taxable income or any part of that income, 4.7%;	
22	(ii)	on any Montana taxable income in excess of \$20,500 or any part of that income, 5.9%;	
23	(d)	for every married individual who does not make a joint return and for every estate or trust not	
24	exempt from taxation under the Internal Revenue Code:		
25	(i)	on the first \$20,500 of Montana taxable income or any part of that income, 4.7%;	
26	(ii)	on any Montana taxable income in excess of \$20,500 or any part of that income, 5.9%.	
27	(2)	Except as provided in 15-30-3704 and subsection (3) of this section, that portion of a taxpayer's	
28	Montana taxable income that consists of net long-term capital gains after accounting for amounts included in		



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1		e that is not net long-term capital gains is subject to a tax on the brackets of net long-term capital	
2	gains as follow	/s:	
3	(a)	for every married individual who files a joint return and for every surviving spouse:	
4	(i)	on the first \$41,000 <u>\$50,000</u> less nonqualified taxable income of net long-term capital gains,	
5	3.0% <u>2%;</u>		
6	<u>(ii)</u>	on net long-term capital gains that exceed \$50,000 and are less than \$250,000 less	
7	nonqualified ta	exable income of net long-term capital gains, 4%;	
8	<u>(iii)</u>	on net long-term capital gains that exceed \$250,000 and are less than \$2 million less	
9	nonqualified ta	exable income of net long-term capital gains, 4.5%;	
10	(ii) (iv)	on net long-term capital gains that exceed \$41,000 \$2 million less nonqualified taxable income	
11	or any part of	that income, 4.1% 5%, except that if the total nonqualified taxable income is \$41,000 \$2 million or	
12	greater, all of the net long-term capital gains are taxed at 4.1% 5%;		
13	(b)	for every head of household:	
14	(i)	on the first \$30,750 \$37,500 less nonqualified taxable income of net long-term capital gains,	
15	3.0% <u>2%;</u>		
16	<u>(ii)</u>	on net long-term capital gains that exceed \$37,500 and are less than \$187,500 less	
17	nonqualified taxable income of net long-term capital gains, 4%;		
18	<u>(iii)</u>	on net long-term capital gains that exceed \$187,500 and are less than \$1.5 million less	
19	nonqualified ta	xable income of net long-term capital gains, 4.5%;	
20	(ii) (iv)	on any net long-term capital gains that exceed \$30,750 \$1.5 million less nonqualified taxable	
21	income or any	part of that income, $4.1\% 5\%$, except that if the total nonqualified taxable income is $30,750 1.5$	
22	<u>million</u> or grea	ter, all of the net long-term capital gains are taxed at 4.1% 5%;	
23	(C)	for every individual other than a surviving spouse or head of household who is not a married	
24	individual:		
25	(i)	on the first \$20,500 \$25,000 less nonqualified taxable income of net long-term capital gains,	
26	3.0% <u>2%;</u>		
27	<u>(ii)</u>	on net long-term capital gains that exceed \$25,000 and are less than \$125,000 less	
28	nonqualified ta	xable income of net long-term capital gains, 4%;	



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1	(iii) on net long-term capital gains that exceed \$125,000 and are less than \$1 million less		
2	nonqualified taxable income of net long-term capital gains, 4.5%;		
3	(ii)(iv) on any-net long-term capital gains that exceed \$20,500-\$1 million less nonqualified taxable		
4	income or any part of that income, 4.1% 5%, except that if the total nonqualified taxable income is \$20,500 <u>\$1</u>		
5	million or greater, all of the net long-term capital gains are taxed at 4.1% 5%;		
6	(d) for every married individual who does not make a joint return and for every estate or trust that		
7	is not exempt from taxation under the Internal Revenue Code:		
8	(i) on the first <u>\$20,500</u> <u>\$25,000</u> less nonqualified taxable income of net long-term capital gains,		
9	3.0% <u>2%</u> ;		
10	(ii) on net long-term capital gains that exceed \$25,000 and are less than \$125,000 less		
11	nonqualified taxable income of net long-term capital gains, 4%;		
12	(iii) on net long-term capital gains that exceed \$125,000 and are less than \$1 million less		
13	nonqualified taxable income of net long-term capital gains, 4.5%;		
14	(ii)(iv) on any-net long-term capital gains that exceed \$20,500 <u>\$1 million</u> less nonqualified taxable		
15	income or any part of that income, 4.1% 5%, except that if the total nonqualified taxable income is \$20,500 \$1		
16	million or greater, all of the net long-term capital gains are taxed at 4.1% 5%.		
17	(3) By November 1 of each year, the department shall multiply the bracket amounts contained in		
18	subsections (1) and (2) by the inflation factor for the following tax year and round the cumulative brackets to the		
19	nearest \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the		
20	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) "Net long-term capital gains" means net long-term capital gains as that term is defined in		
23	section 1222 of the Internal Revenue Code, 26 U.S.C. 1222.		
24	(b) "Nonqualified taxable income" means Montana taxable income that is not considered net long-		
25	term capital gains."		
26			
27	NEW SECTION. Section 2. Applicability. [This act] applies to income tax years beginning after		
28	December 31, 2025.		

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