

# MT S 550, Enacted

Montana

SUMMARY: Revises income tax laws; revises references to the individual income tax rate table effective on specified date; extends the medical savings account tax deduction; clarifies the calculation of composite tax return tax liability; eliminates the establishment of a first-time home buyer savings account after specified tax year; provides that direct primary care fees and health care sharing ministry expenses are eligible medical expenses for medical savings accounts.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

*Text Added*

~~Text Vetoed~~

Current Legislative Status

03/24/2023 INTRODUCED.

03/24/2023 Filed as Draft 295

03/27/2023 To SENATE Committee on TAXATION.

03/29/2023 Public Hearing held.

03/29/2023 From SENATE Committee on TAXATION: Do pass.

03/30/2023 Rereferred to SENATE Committee on FINANCE AND CLAIMS.

03/31/2023 Public Hearing held.

03/31/2023 From SENATE Committee on FINANCE AND CLAIMS: Do pass.

04/03/2023 In SENATE. 2nd Reading Passed.

04/04/2023 In SENATE. 3rd Reading Passed.

04/04/2023 Passed SENATE. \*\*\*\*\*To HOUSE.

04/05/2023 To HOUSE Committee on TAXATION.

04/13/2023 Public Hearing held.

04/17/2023 From HOUSE Committee on TAXATION: Do pass as amended.

04/21/2023 In HOUSE. 2nd Reading Passed.

04/21/2023 Public Hearing held.

04/21/2023 Rereferred to HOUSE Committee on APPROPRIATIONS.

04/21/2023 From HOUSE Committee on APPROPRIATIONS: Do pass.

04/26/2023 In HOUSE. 3rd Reading Passed.

04/26/2023 Passed HOUSE. \*\*\*\*\*To SENATE for concurrence.

05/01/2023 SENATE concurred in HOUSE amendments.

05/04/2023 Returned from Enrolling.

05/04/2023 Printed - Enrolled Version Available

05/11/2023 \*\*\*\*\*To GOVERNOR.

05/19/2023 Signed by GOVERNOR.

05/22/2023 Chaptered. Chapter No. 701

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session: Montana 68th Regular Session

cite: 2023 MT S 550

Enacted  
May 19, 2023  
Hertz  
2023 Montana Legislature  
SENATE BILL NO. 550  
INTRODUCED BY G. HERTZ

AN ACT GENERALLY REVISING INCOME TAX LAWS; REVISING REFERENCES TO THE INDIVIDUAL INCOME TAX RATE TABLE EFFECTIVE JANUARY 1, 2024; EXTENDING THE MEDICAL SAVINGS ACCOUNT TAX DEDUCTION; CLARIFYING THE CALCULATION OF COMPOSITE TAX RETURN TAX LIABILITY; ELIMINATING THE ESTABLISHMENT OF A FIRST-TIME HOME BUYER SAVINGS ACCOUNT AFTER TAX YEAR 2023; PROVIDING THAT DIRECT PRIMARY CARE FEES AND HEALTH CARE SHARING MINISTRY EXPENSES ARE ELIGIBLE MEDICAL EXPENSES FOR MEDICAL SAVINGS ACCOUNTS; AMENDING SECTIONS 15-30-2113, 15-30-2120, 15-30-2318, 15-30-2522, 15-30-3312, 15-31-1003, 15-61-102, 15-61-202, 15-63-201, AND 50-4-107, MCA; AND PROVIDING EFFECTIVE DATES, AN APPLICABILITY DATE, AND A RETROACTIVE APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**\*\*\*TEXT OMITTED, DOES NOT PERTAIN TO FILM\*\*\***

Section 6. Section 15-31-1003, MCA, is amended to read:

"15-31-1003. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Affiliate" means a subsidiary of which more than 50% of the voting stock is owned directly by the parent corporation or another member of the Montana combined group.

(2) "Base investment" means the amount expended by a production company as production expenditures and compensation incurred in this state that are directly used in a state-certified production.

(3) (a) "Compensation" means Montana wages, salaries, commissions, payments to a loan-out company subject to the provisions of subsection (3)(c), union benefits, fringe benefits, and any other form of remuneration paid to employees for personal services performed in this state.

(b) The term does not include compensation paid that is less than the minimum wage described in 39-3-409.

(c) The term includes payments to a loan-out company by a production company if the production company withheld and remitted Montana income tax at the ~~rate of 6.9%~~ **highest marginal rate in effect under 15-30-2103** on all payments to the loan-out company for services performed in this state. The amount withheld is considered to have been withheld by the loan-out company on wages paid to its employees for services performed in this state. The amounts withheld must be allocated to the loan-out company's employees based on the payments made to the loan-out company's employees for services performed in Montana. For purposes of this chapter, loan-out company nonresident employees performing services in this state must be considered taxable nonresidents and the loan-out company is subject to income taxation in the tax year in which the loan-out company's employees perform services in this state, notwithstanding any other provisions of Title 15. The withholding liability is subject to penalties and interest as provided in 15-1-216.

(d) With respect to a single crew member or production staff member, excluding an actor, director, producer, or writer, the portion of any compensation that exceeds \$500,000 for a single production is not included when calculating the base investment.

(e) All payments to a single employee and any legal entity in which the employee has any direct or indirect ownership interest are considered as having been paid to the employee and must be

aggregated regardless of the means of payment or distribution.

(4) "Game platform" means the electronic delivery system used to launch or play an interactive game.

(5) "Game sequel" means an interactive game that builds on the theme of a previously released interactive game, is distinguished by a new title, and features objectives or characters that are recognizably different from those in the original game.

(6) (a) "Loan-out company" means a personal service company contracted with and retained by a production company to provide individual personnel who are not employees of the production company, including actors, directors, producers, writers, production designers, production managers, costume designers, directors of photography, editors, casting directors, first assistant directors, second unit directors, stunt coordinators, and similar personnel, for performance of services used directly in a qualified production activity.

(b) The term does not include persons retained by a production company to provide tangible property or outside independent contractor services, such as catering, construction, trailers, equipment, and transportation.

(7) "Multimarket commercial distribution" means paid commercial distribution that extends to markets outside the state.

(8) (a) "Postproduction company" means a company that:

(i) maintains a business location physically located in this state;

(ii) is engaged in qualified postproduction activities;

(iii) meets the requirements of 15-31-1005(4) in the tax year for which the postproduction company claims the tax credit provided for in 15-31-1009; and

(iv) has been approved by the department of commerce to claim the credit provided for in 15-31-1009.

(b) The term does not include any form of business owned, affiliated, or controlled, in whole or in part, by a company or person that is in default on a tax obligation of the state, a loan made by the state, or a loan guaranteed by the state.

(9) "Prereleased interactive game" means a new game, the offering of an existing game on a new game platform, or a game sequel that is in the developmental stages of production and that may be available to individuals for testing purposes but is not generally made available or distributed to consumers or to the general public.

(10) (a) "Production company" means a company primarily engaged in qualified production activities that have been approved by the department of commerce.

(b) The term does not include any form of business owned, affiliated, or controlled, in whole or in part, by a company or person that is in default on a tax obligation of the state, a loan made by the state, or a loan guaranteed by the state.

(11) (a) "Production expenditure" means a preproduction or production expenditure incurred in Montana that is directly used for a qualified production activity including:

(i) set construction and operation;

(ii) wardrobes, makeup, accessories, and related services;

(iii) costs associated with photography and sound synchronization expenditures, excluding license fees, incurred with Montana companies for sound recordings and musical compositions, lighting, or related services and materials;

(iv) editing and related services;

(v) rental of facilities and equipment;

(vi) leasing of vehicles, whether to be photographed or to transport people, equipment, or materials;

(vii) lodging costs, including hotel rooms and private housing rentals paid for by the production

company;

(viii) per diem and living allowance paid to staff, cast, and crew members;

(ix) digital, film, or tape editing, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, special effects services, visual effects services, and animation services;

(x) airfare, if purchased through a Montana travel agency or travel company;

(xi) insurance costs and bonding, if purchased through a Montana insurance agency; and

(xii) other direct costs of producing the project in accordance with generally accepted entertainment industry practices and generally accepted accounting principles.

(b) The term does not include:

(i) compensation, which qualifies for the credit provided for in 15-31-1007(3)(b)(i) through (3)(b)(iv);

(ii) production expenditures for footage shot outside the state;

(iii) marketing;

(iv) story rights;

(v) distribution; or

(vi) postproduction expenditures.

(12) "Qualified Montana promotion" means a promotion of this state approved by the department of commerce and consisting of:

(a) a qualified movie production that includes a 5-second static or animated logo that promotes Montana in the end credits for the life of the project and that includes a link to the official state of Montana website on the project's website;

(b) a qualified television production that includes an embedded 5-second Montana promotion during each broadcast worldwide for the life of the project and that includes a link to the official state of Montana website on the project's website;

(c) a qualified music video that includes the Montana logo at the end of each video and within online promotions;

(d) a qualified interactive game that includes a 15-second Montana advertisement in units sold and embedded in online promotions; or

(e) a qualified television special or sports event for which the network provides complimentary placement of two 30-second spots per 30 minutes of qualifying television special or sports event programming promoting Montana destinations and provided by the department of commerce as provided for in 15-31-1004(7).

(13) "Qualified postproduction activity" means an activity performed in this state on a qualified production employing traditional, emerging, and new workflow techniques used in postproduction for picture, sound, and music editing, rerecording and mixing, visual effects, graphic design, original scoring, animation, musical composition, and other activities performed after initial production and including activities performed on previously produced and edited content.

(14) "Qualified postproduction wage" means wages incurred in this state directly in qualified postproduction activities for footage shot inside or outside this state.

(15) (a) "Qualified production" means a new film, video, or digital project including only feature films, series for theaters, television, or streaming, pilots, movies and scripted shows made for television or streaming, televised commercial advertisements, music videos, corporate videos, industrial films, production for website creation, television specials, sports events, video games, interactive entertainment, prereleased interactive games, and sound recording projects used in a feature film, series, pilot, or movie for television.

(b) The term includes projects shot, recorded, or originally created in short or long form,

animation, and music, fixed on a delivery system, including film, videotape, computer disc, laser disc, and any element of the digital domain, from which the program is viewed or reproduced and which is intended for multimarket commercial distribution via a theater, video on demand, digital or fiber optic distribution platforms, digital video recording, a digital platform designed for distribution of interactive games, licensing for exhibition by individual television stations, groups of stations, networks, advertiser-supported sites, cable television stations, streaming services, or public broadcasting stations.

(c) The term does not include the coverage of news, local interest programming, instructional videos, commercials distributed only on the internet, infomercials, solicitation-based productions, nonscripted television programs, feature films consisting primarily of stock footage not originally recorded in Montana, or projects containing obscenity as defined in 45-8-201(2).

(16) (a) "Qualified production activity" means the production of a new film, video, or digital project in this state and approved by the department of commerce, including only feature films, series for theaters, television, or streaming, pilots, movies and scripted shows made for television or streaming, televised commercial advertisements, music videos, corporate videos, industrial films, production for website creation, television specials, sports events, video games, interactive entertainment, prereleased interactive games, and sound recording projects used in a feature film, series, pilot, or movie for television.

(b) The term includes the production of projects filmed or recorded in this state, in whole or in part and in short or long form, animation and music, fixed on a delivery system, including film, videotape, computer disc, laser disc, and any element of the digital domain, from which the program is viewed or reproduced and which is intended for multimarket commercial distribution via a theater, video on demand, digital or fiber optic distribution platforms, digital video recording, a digital platform designed for distribution of interactive games, licensing for exhibition by individual television stations, groups of stations, networks, advertiser-supported sites, cable television stations, streaming services, or public broadcasting stations.

(c) The term does not include the coverage of news, local interest programming, instructional videos, commercials distributed only on the internet, infomercials, solicitation-based productions, nonscripted television programs, or feature films consisting primarily of stock footage not originally recorded in Montana, projects containing obscenity as defined in 45-8-201(2), or projects not shot, recorded, or originally created in Montana.

(17) "Resident" has the meaning provided in 15-30-2101.

(18) "State-certified production" means a production engaged in qualified production activities and certified by the department of commerce as provided in 15-31-1004.

(19) "Underserved area" means a county in this state in which 14% or more people of all ages are in poverty as determined by the U.S. bureau of the census estimates for the most current year available."

**\*\*\*TEXT OMITTED, DOES NOT PERTAIN TO FILM\*\*\***

Section 11. Effective dates. (1) Except as provided in subsection (2), [this act] is effective January 1, 2024.

(2) [Sections 7, 10, and 12] and this section are effective on passage and approval.

Section 12. Retroactive applicability -- applicability. (1) Except as provided in subsection (2), [this act] applies to tax years beginning after December 31, 2023.

(2) [Sections 7 and 10] apply retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2022.