

BEFORE THE DEPARTMENT OF REVENUE  
OF THE STATE OF MONTANA

In the matter of the amendment of ) NOTICE OF PUBLIC HEARING ON  
ARM 42.15.214 pertaining to resident ) PROPOSED AMENDMENT  
military salary exclusion )

TO: All Concerned Persons

1. On August 24, 2017, at 11 a.m., the Department of Revenue will hold a public hearing in the Third Floor East Conference Room of the Sam W. Mitchell Building, located at 125 North Roberts, Helena, Montana, to consider the amendment of the above-stated rule. The hearing room is most readily accessed by entering through the east doors of the building facing Sanders Street.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the department no later than 5 p.m. on August 14, 2017, to advise us of the nature of the accommodation you need. Please contact Laurie Logan, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail lalogan@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

42.15.214 RESIDENT MILITARY SALARY EXCLUSION (1) The following items of military compensation received by a resident service member are exempt from Montana income tax:

(a) remains the same.

(b) basic, special, and incentive pay received for serving on active duty as a member of the National Guard under Title 10 USC orders;

(b) and (c) remain the same, but are renumbered (c) and (d).

(2) Military compensation that is not exempt from Montana income tax includes:

(a) salary received for annual training and inactive duty training for service not described in (1)(b) ~~or (1)(c)~~ through (1)(d);

(b) salary received by a member of a reserve component of the armed forces for service not described in (1)(b) ~~or (1)(c)~~ through (1)(d);

(c) salary received by a member of the National Guard engaged in "active Guard and Reserve duty" as defined in 10 USC 101, for service not described in (1)(b) ~~or (1)(c)~~ through (1)(d); and

(d) and (3) remain the same.

AUTH: 15-30-2620, MCA

IMP: 15-30-2101, 15-30-2117, MCA

REASON: The department proposes amending ARM 42.15.214 to add

language into the rule to make it clear that "active duty" in the National Guard means active duty performed under an order issued pursuant to Title 10 or under Title 32, U.S.C., for a homeland defense activity. The current version of this rule could be construed to disallow Title 10 National Guard annual training that is not part of a contingency operation.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Laurie Logan, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail [lalogan@mt.gov](mailto:lalogan@mt.gov) and must be received no later than September 5, 2017.

5. Laurie Logan, Department of Revenue, Director's Office, has been designated to preside over and conduct this hearing.

6. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding a particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in 4 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

7. An electronic copy of this notice is available on the department's web site at [revenue.mt.gov/rules](http://revenue.mt.gov/rules), or through the Secretary of State's web site at [sos.mt.gov/ARM/register](http://sos.mt.gov/ARM/register).

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses. Documentation of the department's determination is available at [revenue.mt.gov/rules](http://revenue.mt.gov/rules) or upon request from the person in 4.

/s/ Laurie Logan  
Laurie Logan  
Rule Reviewer

/s/ Mike Kadas  
Mike Kadas  
Director of Revenue

Certified to the Secretary of State July 24, 2017.