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HOUSE BILL NO. 671

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INTRODUCED BY M. NIKOLAKAKOS, G. PARRY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MONTANA ACHIEVING A BETTER LIFE
5 EXPERIENCE ACT TO INCLUDE THE SAME DEFINITION FOR THE INTERNAL REVENUE CODE AS THE
6 DEFINITION USED IN THE MONTANA INDIVIDUAL INCOME TAX CODE; AMENDING SECTION 53-25-103,
7 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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11 **Section 1.** Section 53-25-103, MCA, is amended to read:

12 **"53-25-103. Definitions.** As used in this chapter, the following definitions apply:

13 (1) "Account" means an eligible participating account established under this chapter by or on
14 behalf of an eligible individual.

15 (2) "Agent" means one of the following persons acting on behalf of a designated beneficiary:

16 (a) a person acting under a power of attorney; or

17 (b) if no person holds a power of attorney, a parent or legal guardian of the designated beneficiary.

18 (3) "Annual contribution limit" means the limit established in section 529A(b)(2) of the Internal
19 Revenue Code, 26 U.S.C. 529A(b)(2).

20 (4) "Application" means a form executed by or on behalf of a prospective designated beneficiary to
21 enter into a participating trust agreement and open an account. The application incorporates the participating
22 trust agreement by reference.

23 (5) "Committee" means the achieving a better life experience program oversight committee
24 established in 53-25-105.

25 (6) "Contribution" means a payment to an account for the benefit of a designated beneficiary.

26 (7) "Contributor" means a person who makes a contribution to an account for the benefit of a
27 designated beneficiary.

28 (8) "Department" means the department of public health and human services provided for in 2-15-

1 2201.

2 (9) "Designated beneficiary" means the eligible individual on whose behalf an account is
3 established.

4 (10) "Disability certifications" means disability certifications as defined in section 529A(e)(2) of the
5 Internal Revenue Code, 26 U.S.C. 529A(e)(2).

6 (11) "Eligible individual" means an eligible individual as defined in section 529A(e)(1) of the Internal
7 Revenue Code, 26 U.S.C. 529A(e)(1).

8 (12) "Financial institution" means a bank, commercial bank, national bank, savings bank, savings
9 and loan association, credit union, insurance company, trust company, investment adviser, or other similar
10 entity that is authorized to do business in this state.

11 (13) "Internal Revenue Code" has the same meaning as provided in 15-30-2101.

12 (13)(14) "Investment products" means, without limitation, certificates of deposit, savings accounts
13 paying fixed or variable interest, financial instruments, one or more mutual funds, and a mix of mutual funds.

14 (14)(15) "Member of the family" means, with respect to a designated beneficiary, a member of the family
15 of the designated beneficiary as defined in section 529A(e)(4) of the Internal Revenue Code, 26 U.S.C.
16 529A(e)(4).

17 (15)(16) "Nonqualified withdrawal" means a withdrawal from the account that is not:

18 (a) a qualified withdrawal;
19 (b) a withdrawal made as the result of the death of the designated beneficiary of an account; or
20 (c) a rollover distribution or a change of designated beneficiary described in 53-25-111.

21 (16)(17) "Participating trust agreement" means an agreement between a designated beneficiary and the
22 department or its designee that creates a trust interest in the trust and provides for participation in the program.

23 (17)(18) "Program" means the Montana achieving a better life experience program provided for in this
24 chapter and authorized under section 529A of the Internal Revenue Code, 26 U.S.C. 529A.

25 (18)(19) "Program administrator" means the person appointed or contracted by the department to
26 administer the daily operations of the program and provide marketing, recordkeeping, investment management,
27 and other services for the program.

28 (19)(20) "Program manager" means a financial institution that acts on behalf of the trust as provided in

1 53-25-112.

2 (20)(21)"Qualified disability expenses" means qualified disability expenses as defined in section
3 529A(e)(5) of the Internal Revenue Code, 26 U.S.C. 529A(e)(5).

4 (21)(22)"Qualified withdrawal" means a withdrawal from an account to pay the qualified disability
5 expenses of the designated beneficiary of the account. A qualified withdrawal may be made by the beneficiary
6 or the beneficiary's agent.

7 (22)(23)"Rollover distribution" means a transfer of funds made:

8 (a) from one account in another state's qualified program to an account for the benefit of the same
9 designated beneficiary or an eligible individual who is a family member of the former designated beneficiary; or
10 (b) from one account to another account for the benefit of an eligible individual who is a family
11 member of the former designated beneficiary.

12 (23)(24)"Trust" means the achieving a better life experience savings trust as provided in 53-25-121.

13 (24)(25)"Trustee" means the department in its capacity as trustee of the trust.

14 (25)(26)"Trust interest" means a designated beneficiary's interest in the trust created by a participating
15 trust agreement and held for the benefit of the designated beneficiary."

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17 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

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19 **NEW SECTION. Section 3. Retroactive applicability.** [This act] applies retroactively, within the
20 meaning of 1-2-109, to income tax years beginning after December 31, 2024.

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