

SENATE BILL NO. 359
INTRODUCED BY NATHE
BY REQUEST OF THE GOVERNOR

IN THE SENATE

FEBRUARY 12, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

APRIL 1, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

APRIL 2, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

APRIL 3, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 49; NOES, 1.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

APRIL 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

APRIL 13, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 15, 1991 SECOND READING, CONCURRED IN.

APRIL 16, 1991 THIRD READING, CONCURRED IN.
AYES, 79; NOES, 20.

 RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 16, 1991 RECEIVED FROM HOUSE.

APRIL 17, 1991 SECOND READING, AMENDMENTS NOT
CONCURRED IN.

ON MOTION, CONFERENCE COMMITTEE
REQUESTED.

APRIL 18, 1991

CONFERENCE COMMITTEE APPOINTED.

IN THE HOUSE

APRIL 20, 1991

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 22, 1991

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 22, 1991

ON MOTION, CONFERENCE COMMITTEE
DISSOLVED.

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 23, 1991

FREE CONFERENCE COMMITTEE REPORTED.

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

APRIL 24, 1991

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE HOUSE

APRIL 24, 1991

FREE CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 24, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *359*
 2 INTRODUCED BY *WATKINS*
 3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A \$5,000 A
 6 YEAR TAX CREDIT AGAINST INDIVIDUAL INCOME TAXES FOR A
 7 PHYSICIAN WHO COMMENCES PRACTICE IN A RURAL AREA; ALLOWING
 8 THE TAX CREDIT FOR 3 SUCCESSIVE YEARS; AND PROVIDING AN
 9 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY
 10 DATE."
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12 STATEMENT OF INTENT

13 A statement of intent is required for [this act] because
 14 the department of revenue is granted rulemaking authority in
 15 [section 4]. The department is to adopt rules to implement
 16 [this act].
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18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

19 NEW SECTION. **Section 1.** Credit for physician
 20 practicing in rural area -- definitions. For the purposes of
 21 [sections 1 through 4], the following definitions apply:

22 (1) "Commences practice" means the location or
 23 relocation of a physician's principal place of practice to a
 24 rural area and the start of a practice that is open to the
 25 general public, including recipients of medical assistance

1 under Title 53. The term does not include the relocation of
 2 a physician's practice from one rural area to a different
 3 rural area.

4 (2) "Rural area" means a place without a hospital of at
 5 least 50 beds located within a radius of 50 miles.

6 NEW SECTION. **Section 2.** Tax credit for physician
 7 practicing in rural area. A licensed physician who commences
 8 practice in a rural area in Montana is entitled to a credit
 9 against taxes imposed by 15-30-103 in an amount of \$5,000 a
 10 year for each of 3 successive years, beginning with the year
 11 in which the practice commences.

12 NEW SECTION. **Section 3.** Credit for physician
 13 practicing in rural area -- limitations. (1) Except as
 14 provided in subsection (2), the rural physician tax credit
 15 authorized in [section 2] is to be deducted from the
 16 taxpayer's income tax liability, beginning in the taxable
 17 year in which the physician commences practice in a rural
 18 area and for the next 2 successive years.

19 (2) (a) A rural physician tax credit may not be claimed
 20 as a carryback or carryforward and may not be refunded if
 21 there is no tax liability.

22 (b) A rural physician tax credit may not be used for
 23 any taxable year in which the physician ceases to practice
 24 or does not practice in the rural area.

25 NEW SECTION. **Section 4.** Credit for physician



LC 1729/01

1 practicing in rural area -- rulemaking authority. The
2 department of revenue may adopt rules as are necessary to
3 implement and administer [sections 1 through 4].

4 NEW SECTION. **Section 5.** Codification instruction.
5 [Sections 1 through 4] are intended to be codified as an
6 integral part of Title 15, chapter 30, and the provisions of
7 Title 15, chapter 30, apply to [sections 1 through 4].

8 NEW SECTION. **Section 6.** Effective date -- retroactive
9 applicability. [This act] is effective on passage and
10 approval and applies retroactively, within the meaning of
11 1-2-109, to taxable years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0359, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act creating a \$5,000 a year tax credit against individual income taxes for a physician who commences practice in a rural area; allowing the tax credit for 3 successive years; and providing an immediate effective date and a retroactive applicability date.


ASSUMPTIONS:

1. A maximum of seven physicians per year will be relocated under the program (Governor's Office).
2. All participating physicians have an income tax liability of at least \$5,000.
3. Per current law, all income tax receipts are deposited in the state general fund in FY92 and FY93.
4. Individual income tax receipts are \$311,176,000 and \$327,201,000 in FY92 and FY93, respectively (OBPP).
5. Because of the extremely small number of filers who will claim this credit, no significant modification to the tax processing system will be required; therefore, no additional administrative expenses will be incurred under the proposed legislation.

FISCAL IMPACT:

Revenues:

	<u>FY '92</u>			<u>FY '93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Individual Income Tax	311,176,000	311,141,000	(35,000)	327,201,000	327,131,000	(70,000)


ROD SUNDSTED, BUDGET DIRECTOR
Office of Budget and Program Planning
2-13-91
DATE


DENNIS G. NATHE, PRIMARY SPONSOR
2/15/91
DATE

Fiscal Note for SB0359, as introduced

SB 359

APPROVED BY COMMITTEE
ON TAXATION

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25 rural area and the start of a practice that is open to the

1 general public, including recipients of medical assistance
2 under Title 53. The term does not include the relocation of
3 a physician's practice from one rural area to a different
4 rural area.

5 (2) "Rural area" means a place without a hospital of at
6 least 50 beds located within a radius of 50 30 miles.

7 NEW SECTION. Section 2. Tax credit for physician
8 practicing in rural area. A licensed physician WHO WAS
9 SUPPORTED BY THE STATE PURSUANT TO AN INTERSTATE COMPACT FOR
10 A PROFESSIONAL EDUCATION PROGRAM IN THE FIELDS OF MEDICINE
11 OR OSTEOPATHIC MEDICINE, AS THOSE TERMS ARE DEFINED BY THE
12 COMPACT, AND who commences practice in a rural area in
13 Montana is entitled to a credit against taxes imposed by
14 15-30-103 in an amount of \$5,000 a year for each of 3
15 successive years, beginning with the year in which the
16 practice commences. TO QUALIFY FOR THE CREDIT PROVIDED IN
17 THIS SECTION, THE PHYSICIAN SHALL MAINTAIN HIS PRACTICE FOR
18 AT LEAST 9 MONTHS OF THE TAXABLE YEAR IN WHICH THE CREDIT IS
19 CLAIMED.

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24 the taxpayer's income tax liability, beginning in the
25 taxable year in which the physician commences practice in a



1 rural area and for the next 2 successive years.

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3 as a carryback or carryforward and may not be refunded if
4 there is no tax liability.

5 (b) A rural physician tax credit may not be used for
6 any taxable year in which the physician ceases to practice
7 or does not practice in the rural area.

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9 WITHIN 3 YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE
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-End-

HOUSE STANDING COMMITTEE REPORT

April 13, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 359 (third reading copy -- blue) be concurred in as amended .

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Foster

And, that such amendments read:

1. Title, line 7.
Strike: "CERTAIN"

2. Title, line 8.
Strike: "3"
Insert: "4"

3. Page 2, line 6.
Strike: "50"
Insert: "60"

4. Page 2, lines 8 through 12.
Strike: "WHO" on line 8 through "AND" on line 12

5. Page 2, line 14.
Strike: "3"
Insert: "4"

6. Page 3, line 1.
Strike: "2"
Insert: "3"

7. Page 3, lines 2 and 3.
Strike: "may not be claimed as a carryback or carryforward and"

8. Page 3, line 9.
Strike: "3"
Insert: "4"

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-End-

Free Conference Committee
on Senate Bill No. 359
Report No. 1, April 23, 1991

Page 1 of 1

Mr. President and Mr. Speaker:

We, your Free Conference Committee on Senate Bill No. 359, met and considered Senate Bill No. 359 (reference copy - salmon) and recommend that Amendments No. 1 and 7 in the House Taxation Standing Committee Report dated April 13, 1991 be stricken in their entirety;

and we recommend that Senate Bill No. 359 (reference copy - salmon) be further amended as follows:

1. Page 2, line 13.
Following: "Montana"
Insert: "on a full-time basis"

And that this Conference Committee report be adopted.

For the Senate:

Monty Eck
Chair, Sen. Eck

Thomas E. Towe
Sen. Towe

Dennis H. Nathe
Sen. Nathe

For the House:

Benny Stang
Chair, Rep. Stang

Jane DeBruycker
Rep. J. DeBruycker

Mike Foster
Rep. Foster

JFK 4-23-91
Ad. Coord.

SB 4/23
Sec. of Senate

ADOPT

REJECT

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7 any taxable year in which the physician ceases to practice
8 or does not practice in the rural area.

9 (3) IF A PHYSICIAN CEASES TO PRACTICE IN THE RURAL AREA
10 WITHIN ~~3~~ 4 YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE
11 CREDIT IS ALLOWED, THE PHYSICIAN SHALL REPAY TO THE STATE
12 THE AMOUNT OF THE CREDIT CLAIMED FOR THAT TAXABLE YEAR.

13 NEW SECTION. Section 4. Credit for physician
14 practicing in rural area -- rulemaking authority. The
15 department of revenue may adopt rules as are necessary to
16 implement and administer [sections 1 through 4].

17 NEW SECTION. Section 5. Codification instruction.
18 [Sections 1 through 4] are intended to be codified as an
19 integral part of Title 15, chapter 30, and the provisions of
20 Title 15, chapter 30, apply to [sections 1 through 4].

21 NEW SECTION. Section 6. Effective date -- retroactive
22 applicability. [This act] is effective on passage and
23 approval and applies retroactively, within the meaning of
24 1-2-109, to taxable years beginning after December 31, 1990.

-End-