

SENATE BILL NO. 370

INTRODUCED BY WATERMAN, FRANKLIN
BY REQUEST OF THE DEPARTMENT OF JUSTICE

IN THE SENATE

FEBRUARY 13, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

 FIRST READING.

MARCH 7, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 8, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

MARCH 9, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 46; NOES, 2.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 9, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

MARCH 11, 1991 FIRST READING.

APRIL 8, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 11, 1991 SECOND READING, CONCURRED IN.

APRIL 12, 1991 THIRD READING, CONCURRED IN.
AYES, 90; NOES, 6.

 RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 12, 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 19, 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.

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 APPOINTED.

FREE CONFERENCE COMMITTEE REPORTED.

APRIL 24, 1991

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE HOUSE

APRIL 25, 1991

FREE CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 25, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

Senate BILL NO. **370**

INTRODUCED BY *Margaret Watson*

BY REQUEST OF THE DEPARTMENT OF JUSTICE

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.) PROGRAM; TO ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST FUND ACCOUNT; TO PROVIDE THAT THE MONTANA BOARD OF CRIME CONTROL ADMINISTER THE FUND; TO PROVIDE FOR CERTAIN RESTRICTIONS ON THE USE OF THE FUND; TO PROVIDE FOR A VOLUNTARY INCOME TAX CHECKOFF TO FUND THE DRUG ABUSE RESISTANCE EDUCATION PROGRAM; AMENDING SECTION 15-30-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 2] directs the Montana board of crime control to adopt rules to implement [section 2]. It is contemplated that the rules will address the following:

- (1) the program's funding priorities;
- (2) grant application format;
- (3) criteria for evaluation of grant proposals;
- (4) form and timing of grant award notification;
- (5) procedure for monitoring the expenditure of funds by grantees;

(6) a method for evaluation of the effectiveness of services and activities provided by grantees; and

(7) a plan for distribution of any gifts and grants received by the program under [section 3].

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

NEW SECTION. **Section 1.** Montana drug abuse resistance education trust fund account -- administration by board of crime control. (1) There is a Montana drug abuse resistance education trust fund account in the state special revenue fund in the state treasury.

(2) Funds deposited in the account may be expended by the Montana board of crime control, as provided for in 2-15-2006, to fund services and activities under and payment of administrative costs of the Montana drug abuse resistance education program provided for in [section 2].

NEW SECTION. **Section 2.** Montana drug abuse resistance education program. (1) The Montana board of crime control shall use the money in the Montana drug abuse resistance education trust fund account established by [section 1] to fund services and activities operated by nonprofit, private, community-based educational and service organizations, units of local government, or school districts if those services and activities relate solely to the development, enhancement, and expansion of drug abuse resistance



1 education in Montana.

2 (2) In administering the Montana drug abuse resistance
3 education program, the Montana board of crime control shall:

4 (a) identify priorities for funding services,
5 activities, and criteria for the receipt of program funds;

6 (b) monitor the expenditure of funds by organizations
7 receiving funds under this section;

8 (c) evaluate the effectiveness of services and
9 activities under this section; and

10 (d) adopt rules necessary to implement [sections 3 and
11 4] and this section.

12 **NEW SECTION. Section 3. Gifts and grants to program.**

13 The Montana board of crime control may accept contributions,
14 gifts, and grants, in money or otherwise, to the Montana
15 drug abuse resistance education program. Upon receipt,
16 contributions, monetary gifts, and grants must be paid into
17 the Montana drug abuse resistance education trust fund
18 account established by [section 1].

19 **NEW SECTION. Section 4. Program costs.** The costs
20 incurred by the Montana board of crime control in
21 administering the Montana drug abuse resistance education
22 program must be paid with money from the Montana drug abuse
23 resistance education trust fund account established by
24 [section 1]. The board shall keep costs to a minimum and
25 shall use the board's existing office space, personnel,

1 equipment, and supplies to the extent possible.

2 **NEW SECTION. Section 5. Restriction on use of funds.**

3 Funds deposited in the Montana drug abuse resistance
4 education trust fund account may be used only for the
5 program authorized in [section 2] and may not be used to pay
6 the expenses of any other program or service administered in
7 whole or in part by the Montana board of crime control or
8 the department of justice.

9 **Section 6.** Section 15-30-121, MCA, is amended to read:

10 **"15-30-121. Deductions allowed in computing net income.**

11 In computing net income, there are allowed as deductions:

12 (1) the items referred to in sections 161 and 211 of
13 the Internal Revenue Code of 1954, or as sections 161 and
14 211 shall be labeled or amended, subject to the following
15 exceptions which are not deductible:

16 (a) items provided for in 15-30-123;

17 (b) state income tax paid;

18 (2) federal income tax paid within the taxable year;

19 (3) expenses of household and dependent care services
20 as outlined in subsections (3)(a) through (3)(c) and subject
21 to the limitations and rules as set out in subsections
22 (3)(d) through (3)(f) as follows:

23 (a) expenses for household and dependent care services
24 necessary for gainful employment incurred for:

25 (i) a dependent under 15 years of age for whom an

1 exemption can be claimed;

2 (ii) a dependent as allowable under 15-30-112(5), except
3 that the limitations for age and gross income do not apply,
4 who is unable to care for himself because of physical or
5 mental illness; and

6 (iii) a spouse who is unable to care for himself because
7 of physical or mental illness;

8 (b) employment-related expenses incurred for the
9 following services, but only if such expenses are incurred
10 to enable the taxpayer to be gainfully employed:

11 (i) household services which are attributable to the
12 care of the qualifying individual; and

13 (ii) care of an individual who qualifies under
14 subsection (3)(a);

15 (c) expenses incurred in maintaining a household if
16 over half of the cost of maintaining the household is
17 furnished by an individual or, if the individual is married
18 during the applicable period, is furnished by the individual
19 and his spouse;

20 (d) the amounts deductible in subsection (3)(a) through
21 (3)(c) are subject to the following limitations:

22 (i) a deduction is allowed under subsection (3)(a) for
23 employment-related expenses incurred during the year only to
24 the extent such expenses do not exceed \$4,800;

25 (ii) expenses for services in the household are

1 deductible under subsection (3)(a) for employment-related
2 expenses only if they are incurred for services in the
3 taxpayer's household, except that employment-related
4 expenses incurred for services outside the taxpayer's
5 household are deductible, but only if incurred for the care
6 of a qualifying individual described in subsection (3)(a)(i)
7 and only to the extent such expenses incurred during the
8 year do not exceed:

9 (A) \$2,400 in the case of one qualifying individual;

10 (B) \$3,600 in the case of two qualifying individuals;

11 and

12 (C) \$4,800 in the case of three or more qualifying
13 individuals;

14 (e) if the combined adjusted gross income of the
15 taxpayers exceeds \$18,000 for the taxable year during which
16 the expenses are incurred, the amount of the
17 employment-related expenses incurred must be reduced by
18 one-half of the excess of the combined adjusted gross income
19 over \$18,000;

20 (f) for purposes of this subsection (3):

21 (i) married couples shall file a joint return or file
22 separately on the same form;

23 (ii) if the taxpayer is married during any period of the
24 taxable year, employment-related expenses incurred are
25 deductible only if:

1 (A) both spouses are gainfully employed, in which case
2 the expenses are deductible only to the extent that they are
3 a direct result of the employment; or

4 (B) the spouse is a qualifying individual described in
5 subsection (3)(a)(iii);

6 (iii) an individual legally separated from his spouse
7 under a decree of divorce or of separate maintenance may not
8 be considered as married;

9 (iv) the deduction for employment-related expenses must
10 be divided equally between the spouses when filing
11 separately on the same form;

12 (v) payment made to a child of the taxpayer who is
13 under 19 years of age at the close of the taxable year and
14 payments made to an individual with respect to whom a
15 deduction is allowable under 15-30-112(5) are not deductible
16 as employment-related expenses;

17 (4) in the case of an individual, political
18 contributions determined in accordance with the provisions
19 of section 218(a) and (b) of the Internal Revenue Code that
20 were in effect for the taxable year ended December 31, 1978;

21 (5) that portion of expenses for organic fertilizer
22 allowed as a deduction under 15-32-303 which was not
23 otherwise deducted in computing taxable income; and

24 (6) contributions to the child abuse and neglect
25 prevention program provided for in 41-3-701, subject to the

1 conditions set forth in 15-30-156; and

2 (7) contributions to the Montana drug abuse resistance
3 education program provided for in [section 2], subject to
4 the conditions set forth in [section 8]."

5 NEW SECTION. Section 7. Voluntary checkoff for the
6 Montana drug abuse resistance education program. (1) Each
7 individual taxpayer who is required to file an income tax
8 return under this chapter and who is entitled to a refund
9 may contribute to the Montana drug abuse resistance
10 education program, provided for in [section 2], by marking
11 the appropriate box on his state income tax return.

12 (2) Each state individual income tax return must
13 contain a provision for indicating a contribution to the
14 Montana drug abuse resistance education program in
15 substantially the following form:

16 "Montana Drug Abuse Resistance Education (D.A.R.E.)
17 Program. Check this box if you wish to designate \$5 ..., \$10
18 ..., or more ... (indicate amount) of your tax refund to
19 help fund the Drug Abuse Resistance Education Program in
20 Montana. On a joint return, check the corresponding box for
21 your spouse if your spouse wishes to contribute \$5 ..., \$10
22 ..., or more ... (indicate amount) of the refund for the
23 same purpose."

24 (3) Money received under this section must be deposited
25 in the Montana drug abuse resistance education trust fund

1 account, created under [section 1], after the department has
2 deducted the amount necessary for the department to
3 administer this section.

4 NEW SECTION. Section 8. Deductions for contributions
5 to Montana drug abuse resistance education program. A
6 taxpayer who files an individual tax return and who does not
7 elect to take a standard deduction provided for in 15-30-122
8 may, in computing net income, claim a deduction for the
9 payment of a contribution to the Montana drug abuse
10 resistance education program as follows:

11 (1) If the taxpayer paid a contribution in the taxable
12 year for which the return is filed, he may deduct the amount
13 of the contribution paid during that year, unless the amount
14 was deducted as provided in subsection (2).

15 (2) If the taxpayer encloses a check or money order as
16 a contribution when filing his tax return in accordance with
17 15-30-144, he may elect to take a deduction for the amount
18 of the contribution and apply the deduction in the taxable
19 year for which he is filing the return.

20 NEW SECTION. Section 9. Deposit of deductible
21 contributions. (1) All money received under [section 8] must
22 be deposited in the Montana drug abuse resistance education
23 trust fund account established in [section 1].

24 (2) The department shall immediately forward for
25 deposit in the Montana drug abuse resistance education trust

1 fund account all checks and other orders of payment made as
2 contributions under [section 8]. The department may not make
3 deductions for administrative expenses in the handling of
4 direct payments to the Montana drug abuse resistance
5 education program.

6 NEW SECTION. Section 10. Codification instruction.
7 [Sections 7 through 9] are intended to be codified as an
8 integral part of Title 15, chapter 30, and the provisions of
9 Title 15, chapter 30, apply to [sections 7 through 9].

10 NEW SECTION. Section 11. Effective date. [This act] is
11 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0370, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to establish a Montana Drug Abuse Resistance Education (D.A.R.E.) Program, to establish a Montana drug abuse resistance education trust fund account, to provide that the Montana Board of Crime Control administer the fund, to provide for certain restrictions on the use of the fund, and to provide for a voluntary income tax checkoff to fund the drug abuse resistance education program.

ASSUMPTIONS:

Department of Revenue:


1. The number of individuals who will use the Drug Abuse Resistance Education Program checkoff will approximate the average for the current checkoffs for agriculture in the schools, child abuse prevention, and the nongame wildlife program for the 1989 tax year; namely about 1,800.
2. The average checkoff for the Drug Abuse Resistance Education Program will be the same as the 1989 average for the above-named three programs, approximately \$9.00, for a total of \$16,200 per year.
3. There are no data available to estimate the amount of direct contributions to this new program, which would be deductible for individual income tax purposes. The negative revenue impact is assumed to be minimal.
4. Modifications to the existing tax processing system within the Department of Revenue would require the equivalent of 0.33 FTE for system development in FY92 and 0.07 FTE for data entry in FY93 and subsequent years funded with general fund.
5. Current law is represented by the executive budget base for the Data Processing Division.

Crime Control Division:

6. Additional operating costs of \$1,000 per year will be incurred for program promotion.
7. Approximately 10 grants per year will be awarded on a competitive basis.

FISCAL IMPACT:

see next page.


ROD SUNDSTED, BUDGET DIRECTOR 2-18-91
Office of Budget and Program Planning DATE


MIGNON WATERMAN, PRIMARY SPONSOR 2/17/91
DATE

Fiscal Note for SB0370, Introduced

SB 370

Department of Revenue-Data Processing Division

	FY 92			FY 93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
FTE	46.50	46.83	0.33	46.50	46.57	0.07
Personal Services	1,291,600	1,308,030	16,430	1,292,100	1,294,250	2,150
Operating Costs	154,900	160,470	5,570	153,000	153,770	770
Equipment	3,100	3,100	0	3,100	3,100	0
Total	1,449,600	1,471,600	22,000	1,448,200	1,451,120	2,920
<u>Funding:</u>						
General Fund (01)	982,400	1,004,400	22,000	980,300	983,220	2,920
Proprietary Fund (02)	467,200	467,200	0	467,900	467,900	0
Total	1,449,600	1,471,600	22,000	1,448,200	1,451,120	2,920
General Fund Impact			(22,000)			(2,920)

Crime Control Division

<u>Expenditures:</u>						
Operating Expenses-D.A.R.E.	0	1,000	1,000	0	1,000	1,000
Grants-D.A.R.E.	0	15,200	15,200	0	15,200	15,200
Total	0	16,200	16,200	0	16,200	16,200
<u>Revenues:</u>						
D.A.R.E. Account (02)	0	16,200	16,200	0	16,200	16,200

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Additional funds will be made available to local governments, through grants, to fund D.A.R.E. programs.

TECHNICAL NOTE:

1. The legislation would benefit from a date of applicability, e.g., for tax years beginning after December 31, 1990.
2. Section 1 establishes an education trust fund account in the state special revenue fund. Generally, trust fund accounts are established in expendable or non-expendable trust funds.

APPROVED BY COMM. ON
FINANCE AND CLAIMS

SENATE BILL NO. 370

INTRODUCED BY WATERMAN, FRANKLIN

BY REQUEST OF THE DEPARTMENT OF JUSTICE

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A MONTANA
DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.) PROGRAM; TO
ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST
FUND ACCOUNT; TO PROVIDE THAT THE MONTANA BOARD OF CRIME
CONTROL ADMINISTER THE FUND; TO PROVIDE FOR CERTAIN
RESTRICTIONS ON THE USE OF THE FUND; TO PROVIDE FOR A
VOLUNTARY INCOME TAX CHECKOFF TO FUND THE DRUG ABUSE
RESISTANCE EDUCATION PROGRAM; AMENDING SECTION 15-30-121,
MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A
RETROACTIVE APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because
[section 2] directs the Montana board of crime control to
adopt rules to implement [section 2]. It is contemplated
that the rules will address the following:

- (1) the program's funding priorities;
- (2) grant application format;
- (3) criteria for evaluation of grant proposals;
- (4) form and timing of grant award notification;
- (5) procedure for monitoring the expenditure of funds

by grantees;

(6) a method for evaluation of the effectiveness of
services and activities provided by grantees; and

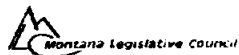
(7) a plan for distribution of any gifts and grants
received by the program under [section 3].

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

NEW SECTION. **Section 1.** Montana drug abuse resistance
education trust fund account -- administration by board of
crime control. (1) There is a Montana drug abuse resistance
education trust fund account in the state special revenue
fund in the state treasury.

(2) Funds deposited in the account may be expended by
the Montana board of crime control, as provided for in
2-15-2006, to fund services and activities under and payment
of administrative costs of the Montana drug abuse resistance
education program provided for in [section 2].

NEW SECTION. **Section 2.** Montana drug abuse resistance
education program. (1) The Montana board of crime control
shall use the money in the Montana drug abuse resistance
education trust fund account established by [section 1] to
fund services and activities operated by nonprofit, private,
community-based educational and service organizations, units
of local government, or school districts if those services
and activities relate solely to the development,



1 enhancement, and expansion of drug abuse resistance
2 education in Montana.

3 (2) In administering the Montana drug abuse resistance
4 education program, the Montana board of crime control shall:

5 (a) identify priorities for funding services,
6 activities, and criteria for the receipt of program funds;

7 (b) monitor the expenditure of funds by organizations
8 receiving funds under this section;

9 (c) evaluate the effectiveness of services and
10 activities under this section; and

11 (d) adopt rules necessary to implement [sections 3 and
12 4] and this section.

13 **NEW SECTION. Section 3. Gifts and grants to program.**

14 The Montana board of crime control may accept contributions,
15 gifts, and grants, in money or otherwise, to the Montana
16 drug abuse resistance education program. Upon receipt,
17 contributions, monetary gifts, and grants must be paid into
18 the Montana drug abuse resistance education trust fund
19 account established by [section 1].

20 **NEW SECTION. Section 4. Program costs.** The costs
21 incurred by the Montana board of crime control in
22 administering the Montana drug abuse resistance education
23 program must be paid with money from the Montana drug abuse
24 resistance education trust fund account established by
25 [section 1]. The board shall keep costs to a minimum and

1 shall use the board's existing office space, personnel,
2 equipment, and supplies to the extent possible.

3 **NEW SECTION. Section 5. Restriction on use of funds.**

4 Funds deposited in the Montana drug abuse resistance
5 education trust fund account may be used only for the
6 program authorized in [section 2] and may not be used to pay
7 the expenses of any other program or service administered in
8 whole or in part by the Montana board of crime control or
9 the department of justice.

10 **Section 6.** Section 15-30-121, MCA, is amended to read:

11 **"15-30-121. Deductions allowed in computing net income.**

12 In computing net income, there are allowed as deductions:

13 (1) the items referred to in sections 161 and 211 of
14 the Internal Revenue Code of 1954, or as sections 161 and
15 211 shall be labeled or amended, subject to the following
16 exceptions which are not deductible:

17 (a) items provided for in 15-30-123;

18 (b) state income tax paid;

19 (2) federal income tax paid within the taxable year;

20 (3) expenses of household and dependent care services
21 as outlined in subsections (3)(a) through (3)(c) and subject
22 to the limitations and rules as set out in subsections
23 (3)(d) through (3)(f) as follows:

24 (a) expenses for household and dependent care services
25 necessary for gainful employment incurred for:

1 (i) a dependent under 15 years of age for whom an
2 exemption can be claimed;

3 (ii) a dependent as allowable under 15-30-112(5), except
4 that the limitations for age and gross income do not apply,
5 who is unable to care for himself because of physical or
6 mental illness; and

7 (iii) a spouse who is unable to care for himself because
8 of physical or mental illness;

9 (b) employment-related expenses incurred for the
10 following services, but only if such expenses are incurred
11 to enable the taxpayer to be gainfully employed:

12 (i) household services which are attributable to the
13 care of the qualifying individual; and

14 (ii) care of an individual who qualifies under
15 subsection (3)(a);

16 (c) expenses incurred in maintaining a household if
17 over half of the cost of maintaining the household is
18 furnished by an individual or, if the individual is married
19 during the applicable period, is furnished by the individual
20 and his spouse;

21 (d) the amounts deductible in subsection (3)(a) through
22 (3)(c) are subject to the following limitations:

23 (i) a deduction is allowed under subsection (3)(a) for
24 employment-related expenses incurred during the year only to
25 the extent such expenses do not exceed \$4,800;

1 (ii) expenses for services in the household are
2 deductible under subsection (3)(a) for employment-related
3 expenses only if they are incurred for services in the
4 taxpayer's household, except that employment-related
5 expenses incurred for services outside the taxpayer's
6 household are deductible, but only if incurred for the care
7 of a qualifying individual described in subsection (3)(a)(i)
8 and only to the extent such expenses incurred during the
9 year do not exceed:

10 (A) \$2,400 in the case of one qualifying individual;

11 (B) \$3,600 in the case of two qualifying individuals;
12 and

13 (C) \$4,800 in the case of three or more qualifying
14 individuals;

15 (e) if the combined adjusted gross income of the
16 taxpayers exceeds \$18,000 for the taxable year during which
17 the expenses are incurred, the amount of the
18 employment-related expenses incurred must be reduced by
19 one-half of the excess of the combined adjusted gross income
20 over \$18,000;

21 (f) for purposes of this subsection (3):

22 (i) married couples shall file a joint return or file
23 separately on the same form;

24 (ii) if the taxpayer is married during any period of the
25 taxable year, employment-related expenses incurred are

1 deductible only if:

2 (A) both spouses are gainfully employed, in which case
3 the expenses are deductible only to the extent that they are
4 a direct result of the employment; or

5 (B) the spouse is a qualifying individual described in
6 subsection (3)(a)(iii);

7 (iii) an individual legally separated from his spouse
8 under a decree of divorce or of separate maintenance may not
9 be considered as married;

10 (iv) the deduction for employment-related expenses must
11 be divided equally between the spouses when filing
12 separately on the same form;

13 (v) payment made to a child of the taxpayer who is
14 under 19 years of age at the close of the taxable year and
15 payments made to an individual with respect to whom a
16 deduction is allowable under 15-30-112(5) are not deductible
17 as employment-related expenses;

18 (4) in the case of an individual, political
19 contributions determined in accordance with the provisions
20 of section 218(a) and (b) of the Internal Revenue Code that
21 were in effect for the taxable year ended December 31, 1978;

22 (5) that portion of expenses for organic fertilizer
23 allowed as a deduction under 15-32-303 which was not
24 otherwise deducted in computing taxable income; and

25 (6) contributions to the child abuse and neglect

1 prevention program provided for in 41-3-701, subject to the
2 conditions set forth in 15-30-156+; and

3 (7) contributions to the Montana drug abuse resistance
4 education program provided for in [section 2], subject to
5 the conditions set forth in [section 8]."

6 NEW SECTION. Section 7. Voluntary checkoff for the
7 Montana drug abuse resistance education program. (1) Each
8 individual taxpayer who is required to file an income tax
9 return under this chapter and who is entitled to a refund
10 may contribute to the Montana drug abuse resistance
11 education program, provided for in [section 2], by marking
12 the appropriate box on his state income tax return.

13 (2) Each state individual income tax return must
14 contain a provision for indicating a contribution to the
15 Montana drug abuse resistance education program in
16 substantially the following form:

17 "Montana Drug Abuse Resistance Education (D.A.R.E.)
18 Program. Check this box if you wish to designate \$5 ..., \$10
19 ..., or more ... (indicate amount) of your tax refund to
20 help fund the Drug Abuse Resistance Education Program in
21 Montana. On a joint return, check the corresponding box for
22 your spouse if your spouse wishes to contribute \$5 ..., \$10
23 ..., or more ... (indicate amount) of the refund for the
24 same purpose."

25 (3) Money received under this section must be deposited

1 in the Montana drug abuse resistance education trust fund
2 account, created under [section 1], after the department has
3 deducted the amount necessary for the department to
4 administer this section.

5 NEW SECTION. Section 8. Deductions for contributions
6 to Montana drug abuse resistance education program. A
7 taxpayer who files an individual tax return and who does not
8 elect to take a standard deduction provided for in 15-30-122
9 may, in computing net income, claim a deduction for the
10 payment of a contribution to the Montana drug abuse
11 resistance education program as follows:

12 (1) If the taxpayer paid a contribution in the taxable
13 year for which the return is filed, he may deduct the amount
14 of the contribution paid during that year, unless the amount
15 was deducted as provided in subsection (2).

16 (2) If the taxpayer encloses a check or money order as
17 a contribution when filing his tax return in accordance with
18 15-30-144, he may elect to take a deduction for the amount
19 of the contribution and apply the deduction in the taxable
20 year for which he is filing the return.

21 NEW SECTION. Section 9. Deposit of deductible
22 contributions. (1) All money received under [section 8] must
23 be deposited in the Montana drug abuse resistance education
24 trust fund account established in [section 1].

25 (2) The department shall immediately forward for

1 deposit in the Montana drug abuse resistance education trust
2 fund account all checks and other orders of payment made as
3 contributions under [section 8]. The department may not make
4 deductions for administrative expenses in the handling of
5 direct payments to the Montana drug abuse resistance
6 education program.

7 NEW SECTION. Section 10. Codification instruction.
8 [Sections 7 through 9] are intended to be codified as an
9 integral part of Title 15, chapter 30, and the provisions of
10 Title 15, chapter 30, apply to [sections 7 through 9].

11 NEW SECTION. Section 11. Effective date -- RETROACTIVE
12 APPLICABILITY. (1) [This act] is effective on passage and
13 approval.

14 (2) [SECTION 6] APPLIES RETROACTIVELY, WITHIN THE
15 MEANING OF 1-2-109, TO TAXABLE YEARS BEGINNING AFTER
16 DECEMBER 31, 1990.

17 (3) [SECTIONS 7 AND 8] APPLY TO TAX FORMS FILED FOR
18 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1990.

-End-

1 SENATE BILL NO. 370

2 INTRODUCED BY WATERMAN, FRANKLIN

3 BY REQUEST OF THE DEPARTMENT OF JUSTICE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A MONTANA
6 DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.) PROGRAM; TO
7 ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST
8 FUND ACCOUNT; TO PROVIDE THAT THE MONTANA BOARD OF CRIME
9 CONTROL ADMINISTER THE FUND; TO PROVIDE FOR CERTAIN
10 RESTRICTIONS ON THE USE OF THE FUND; TO PROVIDE FOR A
11 VOLUNTARY INCOME TAX CHECKOFF TO FUND THE DRUG ABUSE
12 RESISTANCE EDUCATION PROGRAM; AMENDING SECTION 15-30-121,
13 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A
14 RETROACTIVE APPLICABILITY DATE."

15
16 STATEMENT OF INTENT

17 A statement of intent is required for this bill because
18 [section 2] directs the Montana board of crime control to
19 adopt rules to implement [section 2]. It is contemplated
20 that the rules will address the following:

- 21 (1) the program's funding priorities;
22 (2) grant application format;
23 (3) criteria for evaluation of grant proposals;
24 (4) form and timing of grant award notification;
25 (5) procedure for monitoring the expenditure of funds

1 by grantees;

2 (6) a method for evaluation of the effectiveness of
3 services and activities provided by grantees; and

4 (7) a plan for distribution of any gifts and grants
5 received by the program under [section 3].

6
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

8 NEW SECTION. Section 1. Montana drug abuse resistance
9 education trust fund account -- administration by board of
10 crime control. (1) There is a Montana drug abuse resistance
11 education trust fund account in the state special revenue
12 fund in the state treasury.

13 (2) Funds deposited in the account may be expended by
14 the Montana board of crime control, as provided for in
15 2-15-2006, to fund services and activities under and payment
16 of administrative costs of the Montana drug abuse resistance
17 education program provided for in [section 2].

18 NEW SECTION. Section 2. Montana drug abuse resistance
19 education program. (1) The Montana board of crime control
20 shall use the money in the Montana drug abuse resistance
21 education trust fund account established by [section 1] to
22 fund services and activities operated by nonprofit, private,
23 community-based educational and service organizations, units
24 of local government, or school districts if those services
25 and activities relate solely to the development,

1 enhancement, and expansion of drug abuse resistance
2 education in Montana.

3 (2) In administering the Montana drug abuse resistance
4 education program, the Montana board of crime control shall:

5 (a) identify priorities for funding services,
6 activities, and criteria for the receipt of program funds;

7 (b) monitor the expenditure of funds by organizations
8 receiving funds under this section;

9 (c) evaluate the effectiveness of services and
10 activities under this section; and

11 (d) adopt rules necessary to implement [sections 3 and
12 4] and this section.

13 NEW SECTION. Section 3. Gifts and grants to program.

14 The Montana board of crime control may accept contributions,
15 gifts, and grants, in money or otherwise, to the Montana
16 drug abuse resistance education program. Upon receipt,
17 contributions, monetary gifts, and grants must be paid into
18 the Montana drug abuse resistance education trust fund
19 account established by [section 1].

20 NEW SECTION. Section 4. Program costs. The costs
21 incurred by the Montana board of crime control in
22 administering the Montana drug abuse resistance education
23 program must be paid with money from the Montana drug abuse
24 resistance education trust fund account established by
25 [section 1]. The board shall keep costs to a minimum and

1 shall use the board's existing office space, personnel,
2 equipment, and supplies to the extent possible.

3 NEW SECTION. Section 5. Restriction on use of funds.

4 Funds deposited in the Montana drug abuse resistance
5 education trust fund account may be used only for the
6 program authorized in [section 2] and may not be used to pay
7 the expenses of any other program or service administered in
8 whole or in part by the Montana board of crime control or
9 the department of justice.

10 Section 6. Section 15-30-121, MCA, is amended to read:

11 "15-30-121. Deductions allowed in computing net income.

12 In computing net income, there are allowed as deductions:

13 (1) the items referred to in sections 161 and 211 of
14 the Internal Revenue Code of 1954, or as sections 161 and
15 211 shall be labeled or amended, subject to the following
16 exceptions which are not deductible:

17 (a) items provided for in 15-30-123;

18 (b) state income tax paid;

19 (2) federal income tax paid within the taxable year;

20 (3) expenses of household and dependent care services
21 as outlined in subsections (3)(a) through (3)(c) and subject
22 to the limitations and rules as set out in subsections
23 (3)(d) through (3)(f) as follows:

24 (a) expenses for household and dependent care services
25 necessary for gainful employment incurred for:

1 (i) a dependent under 15 years of age for whom an
2 exemption can be claimed;

3 (ii) a dependent as allowable under 15-30-112(5), except
4 that the limitations for age and gross income do not apply,
5 who is unable to care for himself because of physical or
6 mental illness; and

7 (iii) a spouse who is unable to care for himself because
8 of physical or mental illness;

9 (b) employment-related expenses incurred for the
10 following services, but only if such expenses are incurred
11 to enable the taxpayer to be gainfully employed:

12 (i) household services which are attributable to the
13 care of the qualifying individual; and

14 (ii) care of an individual who qualifies under
15 subsection (3)(a);

16 (c) expenses incurred in maintaining a household if
17 over half of the cost of maintaining the household is
18 furnished by an individual or, if the individual is married
19 during the applicable period, is furnished by the individual
20 and his spouse;

21 (d) the amounts deductible in subsection (3)(a) through
22 (3)(c) are subject to the following limitations:

23 (i) a deduction is allowed under subsection (3)(a) for
24 employment-related expenses incurred during the year only to
25 the extent such expenses do not exceed \$4,800;

1 (ii) expenses for services in the household are
2 deductible under subsection (3)(a) for employment-related
3 expenses only if they are incurred for services in the
4 taxpayer's household, except that employment-related
5 expenses incurred for services outside the taxpayer's
6 household are deductible, but only if incurred for the care
7 of a qualifying individual described in subsection (3)(a)(i)
8 and only to the extent such expenses incurred during the
9 year do not exceed:

10 (A) \$2,400 in the case of one qualifying individual;

11 (B) \$3,600 in the case of two qualifying individuals;
12 and

13 (C) \$4,800 in the case of three or more qualifying
14 individuals;

15 (e) if the combined adjusted gross income of the
16 taxpayers exceeds \$18,000 for the taxable year during which
17 the expenses are incurred, the amount of the
18 employment-related expenses incurred must be reduced by
19 one-half of the excess of the combined adjusted gross income
20 over \$18,000;

21 (f) for purposes of this subsection (3):

22 (i) married couples shall file a joint return or file
23 separately on the same form;

24 (ii) if the taxpayer is married during any period of the
25 taxable year, employment-related expenses incurred are

1 deductible only if:

2 (A) both spouses are gainfully employed, in which case
3 the expenses are deductible only to the extent that they are
4 a direct result of the employment; or

5 (B) the spouse is a qualifying individual described in
6 subsection (3)(a)(iii);

7 (iii) an individual legally separated from his spouse
8 under a decree of divorce or of separate maintenance may not
9 be considered as married;

10 (iv) the deduction for employment-related expenses must
11 be divided equally between the spouses when filing
12 separately on the same form;

13 (v) payment made to a child of the taxpayer who is
14 under 19 years of age at the close of the taxable year and
15 payments made to an individual with respect to whom a
16 deduction is allowable under 15-30-112(5) are not deductible
17 as employment-related expenses;

18 (4) in the case of an individual, political
19 contributions determined in accordance with the provisions
20 of section 218(a) and (b) of the Internal Revenue Code that
21 were in effect for the taxable year ended December 31, 1978;

22 (5) that portion of expenses for organic fertilizer
23 allowed as a deduction under 15-32-303 which was not
24 otherwise deducted in computing taxable income; and

25 (6) contributions to the child abuse and neglect

1 prevention program provided for in 41-3-701, subject to the
2 conditions set forth in 15-30-156; and

3 (7) contributions to the Montana drug abuse resistance
4 education program provided for in [section 2], subject to
5 the conditions set forth in [section 8]."

6 NEW SECTION. Section 7. Voluntary checkoff for the
7 Montana drug abuse resistance education program. (1) Each
8 individual taxpayer who is required to file an income tax
9 return under this chapter and who is entitled to a refund
10 may contribute to the Montana drug abuse resistance
11 education program, provided for in [section 2], by marking
12 the appropriate box on his state income tax return.

13 (2) Each state individual income tax return must
14 contain a provision for indicating a contribution to the
15 Montana drug abuse resistance education program in
16 substantially the following form:

17 "Montana Drug Abuse Resistance Education (D.A.R.E.)
18 Program. Check this box if you wish to designate \$5 ..., \$10
19 ..., or more ... (indicate amount) of your tax refund to
20 help fund the Drug Abuse Resistance Education Program in
21 Montana. On a joint return, check the corresponding box for
22 your spouse if your spouse wishes to contribute \$5 ..., \$10
23 ..., or more ... (indicate amount) of the refund for the
24 same purpose."

25 (3) Money received under this section must be deposited

1 in the Montana drug abuse resistance education trust fund
2 account, created under [section 1], after the department has
3 deducted the amount necessary for the department to
4 administer this section.

5 NEW SECTION. Section 8. Deductions for contributions
6 to Montana drug abuse resistance education program. A
7 taxpayer who files an individual tax return and who does not
8 elect to take a standard deduction provided for in 15-30-122
9 may, in computing net income, claim a deduction for the
10 payment of a contribution to the Montana drug abuse
11 resistance education program as follows:

12 (1) If the taxpayer paid a contribution in the taxable
13 year for which the return is filed, he may deduct the amount
14 of the contribution paid during that year, unless the amount
15 was deducted as provided in subsection (2).

16 (2) If the taxpayer encloses a check or money order as
17 a contribution when filing his tax return in accordance with
18 15-30-144, he may elect to take a deduction for the amount
19 of the contribution and apply the deduction in the taxable
20 year for which he is filing the return.

21 NEW SECTION. Section 9. Deposit of deductible
22 contributions. (1) All money received under [section 8] must
23 be deposited in the Montana drug abuse resistance education
24 trust fund account established in [section 1].

25 (2) The department shall immediately forward for

1 deposit in the Montana drug abuse resistance education trust
2 fund account all checks and other orders of payment made as
3 contributions under [section 8]. The department may not make
4 deductions for administrative expenses in the handling of
5 direct payments to the Montana drug abuse resistance
6 education program.

7 NEW SECTION. Section 10. Codification instruction.
8 [Sections 7 through 9] are intended to be codified as an
9 integral part of Title 15, chapter 30, and the provisions of
10 Title 15, chapter 30, apply to [sections 7 through 9].

11 NEW SECTION. Section 11. Effective date -- RETROACTIVE
12 APPLICABILITY. (1) [This act] is effective on passage and
13 approval.

14 (2) [SECTION 6] APPLIES RETROACTIVELY, WITHIN THE
15 MEANING OF 1-2-109, TO TAXABLE YEARS BEGINNING AFTER
16 DECEMBER 31, 1990.

17 (3) [SECTIONS 7 AND 8] APPLY TO TAX FORMS FILED FOR
18 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1990.

-End-

HOUSE STANDING COMMITTEE REPORT

April 8, 1991
Page 2 of 2

April 8, 1991
Page 1 of 2

Mr. Speaker: We, the committee on Taxation report that Senate Bill 370 (third reading copy -- blue) be concurred in as amended.

Signed: 
Dan Harrington, Chairman

Carried by: Rep. Cohen

And, that such amendments read:

1. Title, lines 10 and 11.
Strike: "FOR A VOLUNTARY INCOME TAX CHECKOFF"
Insert: "THAT THE DEPARTMENT OF JUSTICE MAY USE PROCEEDS FROM THE DANGEROUS DRUG TAX"

2. Title, line 12.
Strike: "15-30-121"
Insert: "15-25-122"

3. Title, lines 13 and 14
Strike: "AND A RETROACTIVE APPLICABILITY DATE"

4. Page 4, line 10 through page 10, line 10.
Strike: sections 6 through 10 in their entirety.
Insert: "Section 6. Section 15-25-122, MCA, is amended to read:
"15-25-122. Disposition of proceeds. (1) The department shall transfer all taxes collected pursuant to this chapter, less the administrative fee authorized in 15-25-111(1), to the state treasurer on a monthly basis.
(2) The state treasurer shall deposit one-third of the tax to the credit of the department of family services to be used for the youth evaluation program and chemical abuse aftercare programs.
(3) The treasurer shall credit the remaining two-thirds of the tax proceeds as follows:
(a) one-half to the department of justice to be used for grants to the Montana drug abuse resistance education trust fund account established in [section 1] and to youth courts to fund chemical abuse assessments and the detention of juvenile offenders in facilities separate from adult jails; and
(b) one-half to the account created by 44-12-206(3) if a state government law enforcement agency seized the drugs.

If a local government law enforcement agency seized the drugs, then that amount must be credited to the treasurer or finance officer of the local government, be deposited in its general fund, and be used to enforce drug laws."
Renumber: subsequent section

5. Page 10, lines 11 and 12.
Strike: "RETROACTIVE APPLICABILITY. (1)"
Insert: "."

6. Page 10, lines 14 through 18.
Strike: subsections (2) and (3) in their entirety

1 SENATE BILL NO. 370
 2 INTRODUCED BY WATERMAN, FRANKLIN
 3 BY REQUEST OF THE DEPARTMENT OF JUSTICE
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A MONTANA
 6 DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.) PROGRAM; TO
 7 ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST
 8 FUND ACCOUNT; TO PROVIDE THAT THE MONTANA BOARD OF CRIME
 9 CONTROL ADMINISTER THE FUND; TO PROVIDE FOR CERTAIN
 10 RESTRICTIONS ON THE USE OF THE FUND; TO PROVIDE FOR--A
 11 ~~VOLUNTARY-INCOME-TAX-CHECKOFF~~ THAT THE DEPARTMENT OF JUSTICE
 12 MAY USE PROCEEDS FROM THE DANGEROUS DRUG TAX TO FUND THE
 13 DRUG ABUSE RESISTANCE EDUCATION PROGRAM; AMENDING SECTION
 14 15-30-121 15-25-122, MCA; AND PROVIDING AN IMMEDIATE
 15 EFFECTIVE DATE ~~AND-A-RETROACTIVE-APPLICABILITY-DATE.~~"

STATEMENT OF INTENT

16
 17
 18 A statement of intent is required for this bill because
 19 [section 2] directs the Montana board of crime control to
 20 adopt rules to implement [section 2]. It is contemplated
 21 that the rules will address the following:

- 22 (1) the program's funding priorities;
- 23 (2) grant application format;
- 24 (3) criteria for evaluation of grant proposals;
- 25 (4) form and timing of grant award notification;

- 1 (5) procedure for monitoring the expenditure of funds
- 2 by grantees;
- 3 (6) a method for evaluation of the effectiveness of
- 4 services and activities provided by grantees; and
- 5 (7) a plan for distribution of any gifts and grants
- 6 received by the program under [section 3].
- 7

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

9 **NEW SECTION. Section 1.** Montana drug abuse resistance
 10 education trust fund account -- administration by board of
 11 crime control. (1) There is a Montana drug abuse resistance
 12 education trust fund account in the state special revenue
 13 fund in the state treasury.

14 (2) Funds deposited in the account may be expended by
 15 the Montana board of crime control, as provided for in
 16 2-15-2006, to fund services and activities under and payment
 17 of administrative costs of the Montana drug abuse resistance
 18 education program provided for in [section 2].

19 **NEW SECTION. Section 2.** Montana drug abuse resistance
 20 education program. (1) The Montana board of crime control
 21 shall use the money in the Montana drug abuse resistance
 22 education trust fund account established by [section 1] to
 23 fund services and activities operated by nonprofit, private,
 24 community-based educational and service organizations, units
 25 of local government, or school districts if those services



1 and activities relate solely to the development,
2 enhancement, and expansion of drug abuse resistance
3 education in Montana.

4 (2) In administering the Montana drug abuse resistance
5 education program, the Montana board of crime control shall:

6 (a) identify priorities for funding services,
7 activities, and criteria for the receipt of program funds;

8 (b) monitor the expenditure of funds by organizations
9 receiving funds under this section;

10 (c) evaluate the effectiveness of services and
11 activities under this section; and

12 (d) adopt rules necessary to implement [sections 3 and
13 4] and this section.

14 NEW SECTION. Section 3. Gifts and grants to program.
15 The Montana board of crime control may accept contributions,
16 gifts, and grants, in money or otherwise, to the Montana
17 drug abuse resistance education program. Upon receipt,
18 contributions, monetary gifts, and grants must be paid into
19 the Montana drug abuse resistance education trust fund
20 account established by [section 1].

21 NEW SECTION. Section 4. Program costs. The costs
22 incurred by the Montana board of crime control in
23 administering the Montana drug abuse resistance education
24 program must be paid with money from the Montana drug abuse
25 resistance education trust fund account established by

1 [section 1]. The board shall keep costs to a minimum and
2 shall use the board's existing office space, personnel,
3 equipment, and supplies to the extent possible.

4 NEW SECTION. Section 5. Restriction on use of funds.
5 Funds deposited in the Montana drug abuse resistance
6 education trust fund account may be used only for the
7 program authorized in [section 2] and may not be used to pay
8 the expenses of any other program or service administered in
9 whole or in part by the Montana board of crime control or
10 the department of justice.

11 ~~Section 6. Section 15-30-121, MCA, is amended to read:~~
12 ~~"15-30-121. Deductions allowed in computing net income.~~
13 ~~In computing net income, there are allowed as deductions:~~
14 ~~(1) the items referred to in sections 161 and 211 of~~
15 ~~the Internal Revenue Code of 1954, or as sections 161 and~~
16 ~~211 shall be labeled or amended, subject to the following~~
17 ~~exceptions which are not deductible:~~

- 18 ~~(a) items provided for in 15-30-123;~~
- 19 ~~(b) state income tax paid;~~
- 20 ~~(2) federal income tax paid within the taxable year;~~
- 21 ~~(3) expenses of household and dependent care services~~
22 ~~as outlined in subsections (3)(a) through (3)(c) and subject~~
23 ~~to the limitations and rules as set out in subsections~~
24 ~~(3)(d) through (3)(f) as follows:~~
25 ~~(a) expenses for household and dependent care services~~

1 necessary-for-gainful-employment-incurred-for:

2 (i)--a-dependent-under-15-years-of-age-for-whom-an
3 exemption-can-be-claimed;

4 (ii)--a-dependent-as-allowable-under-15-30-112(5),-except
5 that-the-limitations-for-age-and-gross-income-do-not-apply,
6 who-is-unable-to-care-for-himself--because--of--physical--or
7 mental-illness;-and

8 (iii)--a-spouse-who-is-unable-to-care-for-himself-because
9 of-physical-or-mental-illness;

10 (b)--employment-related---expenses---incurred---for---the
11 following-services;-but-only-if-such-expenses--are--incurred
12 to-enable-the-taxpayer-to-be-gainfully-employed:

13 (i)--household--services--which--are-attributable-to-the
14 care-of-the-qualifying-individual;-and

15 (ii)--care--of--an---individual---who---qualifies---under
16 subsection-(3)(a);

17 (c)--expenses--incurred--in--maintaining--a-household-if
18 over-half-of--the--cost--of--maintaining--the--household--is
19 furnished--by-an-individual-or,-if-the-individual-is-married
20 during-the-applicable-period,-is-furnished-by-the-individual
21 and-his-spouse;

22 (d)--the-amounts-deductible-in-subsection-(3)(a)-through
23 (3)(c)-are-subject-to-the-following-limitations:

24 (i)--a-deduction-is-allowed-under-subsection-(3)(a)--for
25 employment-related-expenses-incurred-during-the-year-only-to

1 the-extent-such-expenses-do-not-exceed-\$4,800;

2 (ii)--expenses---for---services---in--the--household--are
3 deductible-under-subsection--(3)(a)--for--employment-related
4 expenses--only--if--they--are--incurred--for-services-in-the
5 taxpayer's---household,-except---that---employment-related
6 expenses--incurred--for--services--outside--the---taxpayer's
7 household--are-deductible;-but-only-if-incurred-for-the-care
8 of-a-qualifying-individual-described-in-subsection-(3)(a)(i)
9 and-only-to-the-extent-such--expenses--incurred--during--the
10 year-do-not-exceed:

11 (A)--\$2,400-in-the-case-of-one-qualifying-individual;

12 (B)--\$3,600--in--the-case-of-two-qualifying-individuals;

13 and

14 (C)--\$4,800-in-the-case-of--three--or--more--qualifying
15 individuals;

16 (e)--if--the--combined--adjusted--gross--income--of--the
17 taxpayers--exceeds-\$18,000-for-the-taxable-year-during-which
18 the---expenses---are---incurred,-the---amount---of---the
19 employment-related--expenses--incurred--must--be--reduced-by
20 one-half-of-the-excess-of-the-combined-adjusted-gross-income
21 over-\$18,000;

22 (f)--for-purposes-of-this-subsection-(3):

23 (i)--married-couples-shall-file-a-joint-return--or--file
24 separately-on-the-same-form;

25 (ii)--if-the-taxpayer-is-married-during-any-period-of-the

1 taxable---year;---employment-related---expenses---incurred---are
2 deductible-only-if-

3 (A)--both-spouses-are-gainfully-employed;---in-which--case
4 the-expenses-are-deductible-only-to-the-extent-that-they-are
5 a-direct-result-of-the-employment;---or

6 (B)--the--spouse-is-a-qualifying-individual-described-in
7 subsection-(3)(a)(iii);

8 (iii)-an-individual-legally-separated--from--his--spouse
9 under-a-decree-of-divorce-or-of-separate-maintenance-may-not
10 be-considered-as-married;

11 (iv)-the--deduction-for-employment-related-expenses-must
12 be--divided--equally--between--the---spouses---when---filing
13 separately-on-the-same-form;

14 (v)--payment--made--to--a--child--of-the-taxpayer-who-is
15 under-19-years-of-age-at-the-close-of-the-taxable--year--and
16 payments--made--to--an--individual--with--respect--to-whom-a
17 deduction-is-allowable-under-15-30-112(5)-are-not-deductible
18 as-employment-related-expenses;

19 (4)--in---the---case---of---an---individual;---political
20 contributions-determined-in-accordance-with-the-provisions
21 of--section-218(a)-and-(b)-of-the-Internal-Revenue-Code-that
22 were-in-effect-for-the-taxable-year-ended-December-31;---1978;

23 (5)--that-portion-of--expenses--for--organic--fertilizer
24 allowed--as--a--deduction--under--15-32-303--which--was--not
25 otherwise-deducted-in-computing-taxable-income;---and

1 (6)--contributions---to--the--child--abuse--and--neglect
2 prevention-program-provided-for-in-41-3-701;---subject-to--the
3 conditions-set-forth-in-15-30-156;---and

4 (7)--contributions--to--the--Montana--drug--abuse--resistance
5 education-program-provided-for-in-(section--2);---subject--to
6 the-conditions-set-forth-in-(section-8);⁴

7 NEW-SECTION;---Section-7;---Voluntary---checkoff--for--the
8 Montana-drug-abuse-resistance-education--program;---(1)--Each
9 individual--taxpayer--who--is-required-to-file-an-income-tax
10 return-under-this-chapter-and-who-is-entitled--to--a--refund
11 may---contribute---to--the--Montana--drug--abuse--resistance
12 education-program;---provided-for-in-(section-2);---by--marking
13 the-appropriate-box-on-his-state-income-tax-return;

14 (2)--Each---state--individual--income--tax--return--must
15 contain-a-provision-for-indicating--a--contribution--to--the
16 Montana---drug---abuse---resistance---education--program--in
17 substantially-the-following-form:

18 "Montana--Drug--Abuse--Resistance--Education--(D;A;R;E;)
19 Program--Check-this-box-if-you-wish-to-designate-\$5-;---;---\$10
20 ;---;---or-more-;----(indicate-amount)-of--your--tax--refund--to
21 help--fund--the--Drug--Abuse-Resistance-Education-Program-in
22 Montana;-On-a-joint-return;---check-the-corresponding-box--for
23 your--spouse-if-your-spouse-wishes-to-contribute-\$5-;---;---\$10
24 ;---;---or-more-;----(indicate-amount)-of--the--refund--for--the
25 same-purpose."⁴

1 ~~{3}--Money received under this section must be deposited~~
 2 ~~in the Montana drug abuse resistance education trust fund~~
 3 ~~account, created under {section 1}, after the department has~~
 4 ~~deducted the amount necessary for the department to~~
 5 ~~administer this section.~~

6 ~~NEW SECTION. Section 8. Deductions for contributions~~
 7 ~~to Montana drug abuse resistance education program. A~~
 8 ~~taxpayer who files an individual tax return and who does not~~
 9 ~~elect to take a standard deduction provided for in 15-30-122~~
 10 ~~may, in computing net income, claim a deduction for the~~
 11 ~~payment of a contribution to the Montana drug abuse~~
 12 ~~resistance education program as follows:~~

13 ~~{1}--if the taxpayer paid a contribution in the taxable~~
 14 ~~year for which the return is filed, he may deduct the amount~~
 15 ~~of the contribution paid during that year, unless the amount~~
 16 ~~was deducted as provided in subsection {2}.~~

17 ~~{2}--if the taxpayer encloses a check or money order as~~
 18 ~~a contribution when filing his tax return in accordance with~~
 19 ~~15-30-144, he may elect to take a deduction for the amount~~
 20 ~~of the contribution and apply the deduction in the taxable~~
 21 ~~year for which he is filing the return.~~

22 ~~NEW SECTION. Section 9. Deposit of deductible~~
 23 ~~contributions. {1} All money received under {section 8} must~~
 24 ~~be deposited in the Montana drug abuse resistance education~~
 25 ~~trust fund account established in {section 1}.~~

1 ~~{2}--The department shall immediately forward for~~
 2 ~~deposit in the Montana drug abuse resistance education trust~~
 3 ~~fund account all checks and other orders of payment made as~~
 4 ~~contributions under {section 8}. The department may not make~~
 5 ~~deductions for administrative expenses in the handling of~~
 6 ~~direct payments to the Montana drug abuse resistance~~
 7 ~~education program.~~

8 ~~NEW SECTION. Section 10. Codification instruction.~~
 9 ~~{Sections 7 through 9} are intended to be codified as an~~
 10 ~~integral part of Title 15, chapter 30, and the provisions of~~
 11 ~~Title 15, chapter 30, apply to {sections 7 through 9}.~~

12 ~~**SECTION 6.** SECTION 15-25-122, MCA, IS AMENDED TO READ:~~

13 ~~"15-25-122. Disposition of proceeds. (1) The department~~
 14 ~~shall transfer all taxes collected pursuant to this chapter,~~
 15 ~~less the administrative fee authorized in 15-25-111(1), to~~
 16 ~~the state treasurer on a monthly basis.~~

17 ~~(2) The state treasurer shall deposit one-third of the~~
 18 ~~tax to the credit of the department of family services to be~~
 19 ~~used for the youth evaluation program and chemical abuse~~
 20 ~~aftercare programs.~~

21 ~~(3) The treasurer shall credit the remaining two-thirds~~
 22 ~~of the tax proceeds as follows:~~

23 ~~(a) one-half to the department of justice to be used~~
 24 ~~for grants to the Montana drug abuse resistance education~~
 25 ~~trust fund account established in [section 1] and to youth~~

1 courts to fund chemical abuse assessments and the detention
2 of juvenile offenders in facilities separate from adult
3 jails; and

4 (b) one-half to the account created by 44-12-206(3) if
5 a state government law enforcement agency seized the drugs.
6 If a local government law enforcement agency seized the
7 drugs, then that amount must be credited to the treasurer or
8 finance officer of the local government, be deposited in its
9 general fund, and be used to enforce drug laws."

10 NEW SECTION. Section 7. Effective date ~~===RETROACTIVE~~
11 APPLICABILITY: (1). [This act] is effective on passage and
12 approval.

13 ~~(2)--(SECTION--6)--APPLIES--RETROACTIVELY--WITHIN--THE~~
14 ~~MEANING--OF--1-2-1997--TO--TAXABLE--YEARS--BEGINNING--AFTER~~
15 ~~DECEMBER-31,1990.~~

16 ~~(3)--(SECTIONS--7--AND--8)--APPLY--TO--TAX--FORMS--FILED--FOR~~
17 ~~TAXABLE--YEARS--BEGINNING--AFTER--DECEMBER-31,1990.~~

-End-

Mr. President and Mr. Speaker:

We, your Free Conference Committee on Senate Bill No. 370, met, considered, and we recommend that Senate Bill No. 370 (reference copy - salmon) be amended as follows:

1. Title, lines 11 and 12.

Strike: "THAT" on line 11 through "TAX" on line 12
Insert: "FOR A VOLUNTARY INCOME TAX CHECKOFF"

2. Title, line 14.

Strike: "15-25-122"
Insert: "15-30-121"

3. Title, line 15.

Following: "DATE"
Insert: ", A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE"

4. Page 10, line 12 through page 11, line 9.

Strike: section 6 in its entirety
Insert: "Section 6. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. In computing net income, there are allowed as deductions:

(1) the items referred to in sections 161 and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 shall be labeled or amended, subject to the following exceptions which are not deductible:

- (a) items provided for in 15-30-123;
- (b) state income tax paid;
- (2) federal income tax paid within the taxable year;
- (3) expenses of household and dependent care services as outlined in subsections (3)(a) through (3)(c) and subject to the limitations and rules as set out in subsections (3)(d) through (3)(f) as follows:

(a) expenses for household and dependent care services necessary for gainful employment incurred for:

- (i) a dependent under 15 years of age for whom an exemption can be claimed;
- (ii) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income do not apply, who is unable to care for himself because of physical or mental illness; and
- (iii) a spouse who is unable to care for himself because of physical or mental illness;

(b) employment-related expenses incurred for the following services, but only if such expenses are incurred to enable the taxpayer to be gainfully employed:

- (i) household services which are attributable to the care of the qualifying individual; and

(ii) care of an individual who qualifies under subsection

(3)(a);

(c) expenses incurred in maintaining a household if over half of the cost of maintaining the household is furnished by an individual or, if the individual is married during the applicable period, is furnished by the individual and his spouse;

(d) the amounts deductible in subsection (3)(a) through (3)(c) are subject to the following limitations:

(i) a deduction is allowed under subsection (3)(a) for employment-related expenses incurred during the year only to the extent such expenses do not exceed \$4,800;

(ii) expenses for services in the household are deductible under subsection (3)(a) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent such expenses incurred during the year do not exceed:

- (A) \$2,400 in the case of one qualifying individual;
- (B) \$3,600 in the case of two qualifying individuals; and
- (C) \$4,800 in the case of three or more qualifying individuals;

(e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the taxable year during which the expenses are incurred, the amount of the employment-related expenses incurred must be reduced by one-half of the excess of the combined adjusted gross income over \$18,000;

(f) for purposes of this subsection (3):

- (i) married couples shall file a joint return or file separately on the same form;
- (ii) if the taxpayer is married during any period of the taxable year, employment-related expenses incurred are deductible only if:

(A) both spouses are gainfully employed, in which case the expenses are deductible only to the extent that they are a direct result of the employment; or

(B) the spouse is a qualifying individual described in subsection (3)(a)(iii);

(iii) an individual legally separated from his spouse under a decree of divorce or of separate maintenance may not be considered as married;

(iv) the deduction for employment-related expenses must be divided equally between the spouses when filing separately on the same form;

(v) payment made to a child of the taxpayer who is under 19 years of age at the close of the taxable year and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not deductible as employment-related expenses;

(4) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code that were in effect for the

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taxable year ended December 31, 1978;

(5) that portion of expenses for organic fertilizer allowed as a deduction under 15-32-303 which was not otherwise deducted in computing taxable income; and

(6) contributions to the child abuse and neglect prevention program provided for in 41-3-701, subject to the conditions set forth in 15-30-156-; and

(7) contributions to the Montana drug abuse resistance education program provided for in [section 2], subject to the conditions set forth in [section 8].

NEW SECTION. Section 7. Voluntary checkoff for the Montana drug abuse resistance education program. (1) Each individual taxpayer who is required to file an income tax return under this chapter and who is entitled to a refund may contribute to the Montana drug abuse resistance education program, provided for in [section 2], by marking the appropriate box on his state income tax return.

(2) Each state individual income tax return must contain a provision for indicating a contribution to the Montana drug abuse resistance education program in substantially the following form:

"Montana Drug Abuse Resistance Education (D.A.R.E.) Program. Check this box if you wish to designate \$5 ..., \$10 ..., or more ... (indicate amount) of your tax refund to help fund the Drug Abuse Resistance Education Program in Montana. On a joint return, check the corresponding box for your spouse if your spouse wishes to contribute \$5 ..., \$10 ..., or more ... (indicate amount) of the refund for the same purpose."

(3) Money received under this section must be deposited in the Montana drug abuse resistance education trust fund account, created under [section 1], after the department has deducted the amount necessary for the department to administer this section.

NEW SECTION. Section 8. Deductions for contributions to Montana drug abuse resistance education program. A taxpayer who files an individual tax return and who does not elect to take a standard deduction provided for in 15-30-122 may, in computing net income, claim a deduction for the payment of a contribution to the Montana drug abuse resistance education program as follows:

(1) If the taxpayer paid a contribution in the taxable year for which the return is filed, he may deduct the amount of the contribution paid during that year, unless the amount was deducted as provided in subsection (2).

(2) If the taxpayer encloses a check or money order as a contribution when filing his tax return in accordance with 15-30-144, he may elect to take a deduction for the amount of the contribution and apply the deduction in the taxable year for which he is filing the return.

NEW SECTION. Section 9. Deposit of deductible contributions. (1) All money received under [section 8] must be deposited in the Montana drug abuse resistance education trust

fund account established in [section 1].

(2) The department shall immediately forward for deposit in the Montana drug abuse resistance education trust fund account all checks and other orders of payment made as contributions under [section 8]. The department may not make deductions for administrative expenses in the handling of direct payments to the Montana drug abuse resistance education program.

NEW SECTION. Section 10. Codification instruction. [Sections 7 through 9] are intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [sections 7 through 9]."
Renummer: subsequent section

5. Page 11, line 11.

Following: "~~11~~"

Insert: "-- retroactive applicability"

Following: "~~1~~"

Insert: "(1)"

6. Page 11, line 18.

Following: line 17

Insert: "(2) [Section 6] applies retroactively, within the meaning of 1-2-109, to taxable years beginning after December 31, 1990.

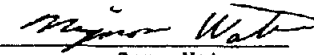
(3) [Sections 7 and 8] apply to tax forms filed for taxable years beginning after December 31, 1990.


NEW SECTION. Section 12. Contingent termination. [Sections 6(7) and 7 through 9], concerning the voluntary income tax checkoff and allowable income tax deductions for contributions made to the D.A.R.E. program, terminate on January 1 of the first taxable year following the 2 immediately preceding taxable years in which the voluntary checkoff raises less than \$20,000 in each of those 2 taxable years."

And that this Free Conference Committee report be adopted.

For the Senate:


Chair, Sen. Franklin

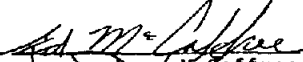

Sen. Waterman

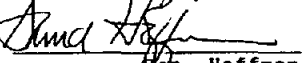

Sen. Gage


Ad. Coord.

For the House:


Chair, Rep. Ream


Rep. McAffree


Rep. Hoffman


Sec. of Senate

1 SENATE BILL NO. 370
 2 INTRODUCED BY WATERMAN, FRANKLIN
 3 BY REQUEST OF THE DEPARTMENT OF JUSTICE
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A MONTANA
 6 DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.) PROGRAM; TO
 7 ESTABLISH A MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST
 8 FUND ACCOUNT; TO PROVIDE THAT THE MONTANA BOARD OF CRIME
 9 CONTROL ADMINISTER THE FUND; TO PROVIDE FOR CERTAIN
 10 RESTRICTIONS ON THE USE OF THE FUND; TO PROVIDE FOR--A
 11 ~~VOLUNTARY-INCOME-TAX-CHECKOFF THAT-THE-DEPARTMENT-OF-JUSTICE~~
 12 ~~MAY-USE-PROCEEDS-FROM-THE-DANGEROUS-DRUG-TAX~~ FOR A VOLUNTARY
 13 INCOME TAX CHECKOFF TO FUND THE DRUG ABUSE RESISTANCE
 14 EDUCATION PROGRAM; AMENDING SECTION ~~15-30-121~~ 15-25-122
 15 15-30-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE
 16 ~~AND---A---RETROACTIVE---APPLICABILITY---DATE, A RETROACTIVE~~
 17 ~~APPLICABILITY DATE, AND A TERMINATION DATE."~~

18 STATEMENT OF INTENT

19 A statement of intent is required for this bill because
 20 [section 2] directs the Montana board of crime control to
 21 adopt rules to implement [section 2]. It is contemplated
 22 that the rules will address the following:
 23

- 24 (1) the program's funding priorities;
- 25 (2) grant application format;

- 1 (3) criteria for evaluation of grant proposals;
- 2 (4) form and timing of grant award notification;
- 3 (5) procedure for monitoring the expenditure of funds
- 4 by grantees;
- 5 (6) a method for evaluation of the effectiveness of
- 6 services and activities provided by grantees; and
- 7 (7) a plan for distribution of any gifts and grants
- 8 received by the program under [section 3].
- 9

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

11 NEW SECTION. Section 1. Montana drug abuse resistance
 12 education trust fund account -- administration by board of
 13 crime control. (1) There is a Montana drug abuse resistance
 14 education trust fund account in the state special revenue
 15 fund in the state treasury.

16 (2) Funds deposited in the account may be expended by
 17 the Montana board of crime control, as provided for in
 18 2-15-2006, to fund services and activities under and payment
 19 of administrative costs of the Montana drug abuse resistance
 20 education program provided for in [section 2].

21 NEW SECTION. Section 2. Montana drug abuse resistance
 22 education program. (1) The Montana board of crime control
 23 shall use the money in the Montana drug abuse resistance
 24 education trust fund account established by [section 1] to
 25 fund services and activities operated by nonprofit, private,



1 community-based educational and service organizations, units
2 of local government, or school districts if those services
3 and activities relate solely to the development,
4 enhancement, and expansion of drug abuse resistance
5 education in Montana.

6 (2) In administering the Montana drug abuse resistance
7 education program, the Montana board of crime control shall:

8 (a) identify priorities for funding services,
9 activities, and criteria for the receipt of program funds;

10 (b) monitor the expenditure of funds by organizations
11 receiving funds under this section;

12 (c) evaluate the effectiveness of services and
13 activities under this section; and

14 (d) adopt rules necessary to implement [sections 3 and
15 4] and this section.

16 NEW SECTION. Section 3. Gifts and grants to program.

17 The Montana board of crime control may accept contributions,
18 gifts, and grants, in money or otherwise, to the Montana
19 drug abuse resistance education program. Upon receipt,
20 contributions, monetary gifts, and grants must be paid into
21 the Montana drug abuse resistance education trust fund
22 account established by [section 1].

23 NEW SECTION. Section 4. Program costs. The costs
24 incurred by the Montana board of crime control in
25 administering the Montana drug abuse resistance education

1 program must be paid with money from the Montana drug abuse
2 resistance education trust fund account established by
3 [section 1]. The board shall keep costs to a minimum and
4 shall use the board's existing office space, personnel,
5 equipment, and supplies to the extent possible.

6 NEW SECTION. Section 5. Restriction on use of funds.

7 Funds deposited in the Montana drug abuse resistance
8 education trust fund account may be used only for the
9 program authorized in [section 2] and may not be used to pay
10 the expenses of any other program or service administered in
11 whole or in part by the Montana board of crime control or
12 the department of justice.

13 ~~Section 6. Section 15-30-121, MCA, is amended to read:~~

14 ~~"15-30-121. Deductions allowed in computing net income.~~
15 ~~In computing net income, there are allowed as deductions:~~

16 ~~(1) the items referred to in sections 161 and 211 of~~
17 ~~the Internal Revenue Code of 1954, or as sections 161 and~~
18 ~~211 shall be labeled or amended, subject to the following~~
19 ~~exceptions which are not deductible:~~

20 ~~(a) items provided for in 15-30-123;~~

21 ~~(b) state income tax paid;~~

22 ~~(2) federal income tax paid within the taxable year;~~

23 ~~(3) expenses of household and dependent care services~~

24 ~~as outlined in subsections (3)(a) through (3)(c) and subject~~

25 ~~to the limitations and rules as set out in subsections~~

1 ~~(3)(d) through (3)(f) as follows:~~

2 ~~(a) expenses for household and dependent care services~~

3 ~~necessary for gainful employment incurred for:~~

4 ~~(i) a dependent under 15 years of age for whom an~~

5 ~~exemption can be claimed;~~

6 ~~(ii) a dependent as allowable under 15-30-112(5), except~~

7 ~~that the limitations for age and gross income do not apply;~~

8 ~~who is unable to care for himself because of physical or~~

9 ~~mental illness; and~~

10 ~~(iii) a spouse who is unable to care for himself because~~

11 ~~of physical or mental illness;~~

12 ~~(b) employment-related expenses incurred for the~~

13 ~~following services, but only if such expenses are incurred~~

14 ~~to enable the taxpayer to be gainfully employed:~~

15 ~~(i) household services which are attributable to the~~

16 ~~care of the qualifying individual; and~~

17 ~~(ii) care of an individual who qualifies under~~

18 ~~subsection (3)(a);~~

19 ~~(c) expenses incurred in maintaining a household if~~

20 ~~over half of the cost of maintaining the household is~~

21 ~~furnished by an individual or, if the individual is married~~

22 ~~during the applicable period, is furnished by the individual~~

23 ~~and his spouse;~~

24 ~~(d) the amounts deductible in subsection (3)(a) through~~

25 ~~(3)(c) are subject to the following limitations:~~

1 ~~(i) a deduction is allowed under subsection (3)(a) for~~

2 ~~employment-related expenses incurred during the year only to~~

3 ~~the extent such expenses do not exceed \$4,800;~~

4 ~~(ii) expenses for services in the household are~~

5 ~~deductible under subsection (3)(a) for employment-related~~

6 ~~expenses only if they are incurred for services in the~~

7 ~~taxpayer's household, except that employment-related~~

8 ~~expenses incurred for services outside the taxpayer's~~

9 ~~household are deductible, but only if incurred for the care~~

10 ~~of a qualifying individual described in subsection (3)(a)(i)~~

11 ~~and only to the extent such expenses incurred during the~~

12 ~~year do not exceed:~~

13 ~~(A) \$2,400 in the case of one qualifying individual;~~

14 ~~(B) \$3,600 in the case of two qualifying individuals;~~

15 ~~and~~

16 ~~(C) \$4,800 in the case of three or more qualifying~~

17 ~~individuals;~~

18 ~~(e) if the combined adjusted gross income of the~~

19 ~~taxpayers exceeds \$18,000 for the taxable year during which~~

20 ~~the expenses are incurred, the amount of the~~

21 ~~employment-related expenses incurred must be reduced by~~

22 ~~one-half of the excess of the combined adjusted gross income~~

23 ~~over \$18,000;~~

24 ~~(f) for purposes of this subsection (3):~~

25 ~~(i) married couples shall file a joint return or file~~

1 separately on the same form;

2 (ii) if the taxpayer is married during any period of the
3 taxable year, employment-related expenses incurred are
4 deductible only if:

5 (A) both spouses are gainfully employed, in which case
6 the expenses are deductible only to the extent that they are
7 a direct result of the employment; or

8 (B) the spouse is a qualifying individual described in
9 subsection (3)(a)(iii);

10 (iii) an individual legally separated from his spouse
11 under a decree of divorce or of separate maintenance may not
12 be considered as married;

13 (iv) the deduction for employment-related expenses must
14 be divided equally between the spouses when filing
15 separately on the same form;

16 (v) payment made to a child of the taxpayer who is
17 under 19 years of age at the close of the taxable year and
18 payments made to an individual with respect to whom a
19 deduction is allowable under 15-30-112(5) are not deductible
20 as employment-related expenses;

21 (4) in the case of an individual, political
22 contributions determined in accordance with the provisions
23 of section 218(a) and (b) of the Internal Revenue Code that
24 were in effect for the taxable year ended December 31, 1978;

25 (5) that portion of expenses for organic fertilizer

1 allowed as a deduction under 15-32-303 which was not
2 otherwise deducted in computing taxable income; and

3 (6) contributions to the child abuse and neglect
4 prevention program provided for in 41-3-701, subject to the
5 conditions set forth in 15-30-156; and

6 (7) contributions to the Montana drug abuse resistance
7 education program provided for in {section 2}, subject to
8 the conditions set forth in {section 8};⁴

9 NEW SECTION. Section 7, Voluntary checkoff for the
10 Montana drug abuse resistance education program; (1) Each
11 individual taxpayer who is required to file an income tax
12 return under this chapter and who is entitled to a refund
13 may contribute to the Montana drug abuse resistance
14 education program, provided for in {section 2}, by marking
15 the appropriate box on his state income tax return;

16 (2) Each state individual income tax return must
17 contain a provision for indicating a contribution to the
18 Montana drug abuse resistance education program in
19 substantially the following form:

20 "Montana Drug Abuse Resistance Education (DARER) Program; Check this box if you wish to designate \$5.00 or more (indicate amount) of your tax refund to help fund the Drug Abuse Resistance Education Program in Montana; On a joint return, check the corresponding box for your spouse if your spouse wishes to contribute \$5.00 or more."

1 ~~two or more (indicate amount) of the refund for the~~
2 ~~same purpose.~~"

3 {3} Money received under this section must be deposited
4 in the Montana drug abuse resistance education trust fund
5 account, created under {section 1}, after the department has
6 deducted the amount necessary for the department to
7 administer this section.

8 NEW SECTION. Section 8. Deductions for contributions
9 to Montana drug abuse resistance education program. A
10 taxpayer who files an individual tax return and who does not
11 elect to take a standard deduction provided for in 15-30-122
12 may, in computing net income, claim a deduction for the
13 payment of a contribution to the Montana drug abuse
14 resistance education program as follows:

15 {1} If the taxpayer paid a contribution in the taxable
16 year for which the return is filed, he may deduct the amount
17 of the contribution paid during that year, unless the amount
18 was deducted as provided in subsection {2}.

19 {2} If the taxpayer encloses a check or money order as
20 a contribution when filing his tax return in accordance with
21 15-30-144, he may elect to take a deduction for the amount
22 of the contribution and apply the deduction in the taxable
23 year for which he is filing the return.

24 NEW SECTION. Section 9. Deposit of deductible
25 contributions. {1} All money received under {section 8} must

1 be deposited in the Montana drug abuse resistance education
2 trust fund account established in {section 1}.

3 {2} The department shall immediately forward for
4 deposit in the Montana drug abuse resistance education trust
5 fund account all checks and other orders of payment made as
6 contributions under {section 8}. The department may not make
7 deductions for administrative expenses in the handling of
8 direct payments to the Montana drug abuse resistance
9 education program.

10 NEW SECTION. Section 10. Codification instruction.
11 {Sections 7 through 9} are intended to be codified as an
12 integral part of Title 15, chapter 30, and the provisions of
13 Title 15, chapter 30, apply to {sections 7 through 9}.

14 SECTION 6. SECTION 15-25-122, MCA, IS AMENDED TO READ:

15 "15-25-122. Disposition of proceeds. {1} The department
16 shall transfer all taxes collected pursuant to this chapter,
17 less the administrative fee authorized in 15-25-111{1}, to
18 the state treasurer on a monthly basis.

19 {2} The state treasurer shall deposit one-third of the
20 tax to the credit of the department of family services to be
21 used for the youth evaluation program and chemical abuse
22 aftercare programs.

23 {3} The treasurer shall credit the remaining two-thirds
24 of the tax proceeds as follows:

25 {a} one-half to the department of justice to be used

1 ~~for grants to the Montana drug abuse resistance education~~
 2 ~~trust fund account established in {section 1} and to youth~~
 3 ~~courts to fund chemical abuse assessments and the detention~~
 4 ~~of juvenile offenders in facilities separate from adult~~
 5 ~~jails; and~~

6 ~~(b) one-half to the account created by 44-12-206(3) if~~
 7 ~~a state government law enforcement agency seized the drugs;~~
 8 ~~if a local government law enforcement agency seized the~~
 9 ~~drugs, then that amount must be credited to the treasurer or~~
 10 ~~finance officer of the local government, be deposited in its~~
 11 ~~general fund, and be used to enforce drug laws."~~

12 **SECTION 6. SECTION 15-30-121, MCA, IS AMENDED TO READ:**

13 "15-30-121. Deductions allowed in computing net income.

14 In computing net income, there are allowed as deductions:

15 (1) the items referred to in sections 161 and 211 of
 16 the Internal Revenue Code of 1954, or as sections 161 and
 17 211 shall be labeled or amended, subject to the following
 18 exceptions which are not deductible:

- 19 (a) items provided for in 15-30-123;
- 20 (b) state income tax paid;
- 21 (2) federal income tax paid within the taxable year;
- 22 (3) expenses of household and dependent care services
- 23 as outlined in subsections (3)(a) through (3)(c) and subject
- 24 to the limitations and rules as set out in subsections
- 25 (3)(d) through (3)(f) as follows:

1 (a) expenses for household and dependent care services
 2 necessary for gainful employment incurred for:

3 (i) a dependent under 15 years of age for whom an
 4 exemption can be claimed;

5 (ii) a dependent as allowable under 15-30-112(5), except
 6 that the limitations for age and gross income do not apply,
 7 who is unable to care for himself because of physical or
 8 mental illness; and

9 (iii) a spouse who is unable to care for himself because
 10 of physical or mental illness;

11 (b) employment-related expenses incurred for the
 12 following services, but only if such expenses are incurred
 13 to enable the taxpayer to be gainfully employed:

14 (i) household services which are attributable to the
 15 care of the qualifying individual; and

16 (ii) care of an individual who qualifies under
 17 subsection (3)(a);

18 (c) expenses incurred in maintaining a household if
 19 over half of the cost of maintaining the household is
 20 furnished by an individual or, if the individual is married
 21 during the applicable period, is furnished by the individual
 22 and his spouse;

23 (d) the amounts deductible in subsection (3)(a) through
 24 (3)(c) are subject to the following limitations:

25 (i) a deduction is allowed under subsection (3)(a) for

1 employment-related expenses incurred during the year only to
2 the extent such expenses do not exceed \$4,800;

3 (ii) expenses for services in the household are
4 deductible under subsection (3)(a) for employment-related
5 expenses only if they are incurred for services in the
6 taxpayer's household, except that employment-related
7 expenses incurred for services outside the taxpayer's
8 household are deductible, but only if incurred for the care
9 of a qualifying individual described in subsection (3)(a)(i)
10 and only to the extent such expenses incurred during the
11 year do not exceed:

12 (A) \$2,400 in the case of one qualifying individual;

13 (B) \$3,600 in the case of two qualifying individuals;
14 and

15 (C) \$4,800 in the case of three or more qualifying
16 individuals;

17 (e) if the combined adjusted gross income of the
18 taxpayers exceeds \$18,000 for the taxable year during which
19 the expenses are incurred, the amount of the
20 employment-related expenses incurred must be reduced by
21 one-half of the excess of the combined adjusted gross income
22 over \$18,000;

23 (f) for purposes of this subsection (3):

24 (i) married couples shall file a joint return or file
25 separately on the same form;

1 (ii) if the taxpayer is married during any period of the
2 taxable year, employment-related expenses incurred are
3 deductible only if:

4 (A) both spouses are gainfully employed, in which case
5 the expenses are deductible only to the extent that they are
6 a direct result of the employment; or

7 (B) the spouse is a qualifying individual described in
8 subsection (3)(a)(iii);

9 (iii) an individual legally separated from his spouse
10 under a decree of divorce or of separate maintenance may not
11 be considered as married;

12 (iv) the deduction for employment-related expenses must
13 be divided equally between the spouses when filing
14 separately on the same form;

15 (v) payment made to a child of the taxpayer who is
16 under 19 years of age at the close of the taxable year and
17 payments made to an individual with respect to whom a
18 deduction is allowable under 15-30-112(5) are not deductible
19 as employment-related expenses;

20 (4) in the case of an individual, political
21 contributions determined in accordance with the provisions
22 of section 218(a) and (b) of the Internal Revenue Code that
23 were in effect for the taxable year ended December 31, 1978;

24 (5) that portion of expenses for organic fertilizer
25 allowed as a deduction under 15-32-303 which was not

1 otherwise deducted in computing taxable income; and

2 (6) contributions to the child abuse and neglect
3 prevention program provided for in 41-3-701, subject to the
4 conditions set forth in 15-30-156; and

5 (7) contributions to the Montana drug abuse resistance
6 education program provided for in [section 2], subject to
7 the conditions set forth in [section 8]."

8 NEW SECTION. SECTION 7. VOLUNTARY CHECKOFF FOR THE
9 MONTANA DRUG ABUSE RESISTANCE EDUCATION PROGRAM. (1) EACH
10 INDIVIDUAL TAXPAYER WHO IS REQUIRED TO FILE AN INCOME TAX
11 RETURN UNDER THIS CHAPTER AND WHO IS ENTITLED TO A REFUND
12 MAY CONTRIBUTE TO THE MONTANA DRUG ABUSE RESISTANCE
13 EDUCATION PROGRAM, PROVIDED FOR IN [SECTION 2], BY MARKING
14 THE APPROPRIATE BOX ON HIS STATE INCOME TAX RETURN.

15 (2) EACH STATE INDIVIDUAL INCOME TAX RETURN MUST
16 CONTAIN A PROVISION FOR INDICATING A CONTRIBUTION TO THE
17 MONTANA DRUG ABUSE RESISTANCE EDUCATION PROGRAM IN
18 SUBSTANTIALLY THE FOLLOWING FORM:

19 "MONTANA DRUG ABUSE RESISTANCE EDUCATION (D.A.R.E.)
20 PROGRAM. CHECK THIS BOX IF YOU WISH TO DESIGNATE \$5 ...
21 \$10 ..., OR MORE ... (INDICATE AMOUNT) OF YOUR TAX REFUND TO
22 HELP FUND THE DRUG ABUSE RESISTANCE EDUCATION PROGRAM IN
23 MONTANA. ON A JOINT RETURN, CHECK THE CORRESPONDING BOX FOR
24 YOUR SPOUSE IF YOUR SPOUSE WISHES TO CONTRIBUTE \$5 ...
25 \$10 ..., OR MORE ... (INDICATE AMOUNT) OF THE REFUND FOR THE

1 SAME PURPOSE."

2 (3) MONEY RECEIVED UNDER THIS SECTION MUST BE DEPOSITED
3 IN THE MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST FUND
4 ACCOUNT, CREATED UNDER [SECTION 1], AFTER THE DEPARTMENT HAS
5 DEDUCTED THE AMOUNT NECESSARY FOR THE DEPARTMENT TO
6 ADMINISTER THIS SECTION.

7 NEW SECTION. SECTION 8. DEDUCTIONS FOR CONTRIBUTIONS
8 TO MONTANA DRUG ABUSE RESISTANCE EDUCATION PROGRAM. A
9 TAXPAYER WHO FILES AN INDIVIDUAL TAX RETURN AND WHO DOES NOT
10 ELECT TO TAKE A STANDARD DEDUCTION PROVIDED FOR IN 15-30-122
11 MAY, IN COMPUTING NET INCOME, CLAIM A DEDUCTION FOR THE
12 PAYMENT OF A CONTRIBUTION TO THE MONTANA DRUG ABUSE
13 RESISTANCE EDUCATION PROGRAM AS FOLLOWS:

14 (1) IF THE TAXPAYER PAID A CONTRIBUTION IN THE TAXABLE
15 YEAR FOR WHICH THE RETURN IS FILED, HE MAY DEDUCT THE AMOUNT
16 OF THE CONTRIBUTION PAID DURING THAT YEAR, UNLESS THE AMOUNT
17 WAS DEDUCTED AS PROVIDED IN SUBSECTION (2).

18 (2) IF THE TAXPAYER ENCLOSES A CHECK OR MONEY ORDER AS
19 A CONTRIBUTION WHEN FILING HIS TAX RETURN IN ACCORDANCE WITH
20 15-30-144, HE MAY ELECT TO TAKE A DEDUCTION FOR THE AMOUNT
21 OF THE CONTRIBUTION AND APPLY THE DEDUCTION IN THE TAXABLE
22 YEAR FOR WHICH HE IS FILING THE RETURN.

23 NEW SECTION. SECTION 9. DEPOSIT OF DEDUCTIBLE
24 CONTRIBUTIONS. (1) ALL MONEY RECEIVED UNDER [SECTION 8] MUST
25 BE DEPOSITED IN THE MONTANA DRUG ABUSE RESISTANCE EDUCATION

1 TRUST FUND ACCOUNT ESTABLISHED IN [SECTION 1].
 2 (2) THE DEPARTMENT SHALL IMMEDIATELY FORWARD FOR
 3 DEPOSIT IN THE MONTANA DRUG ABUSE RESISTANCE EDUCATION TRUST
 4 FUND ACCOUNT ALL CHECKS AND OTHER ORDERS OF PAYMENT MADE AS
 5 CONTRIBUTIONS UNDER [SECTION 8]. THE DEPARTMENT MAY NOT MAKE
 6 DEDUCTIONS FOR ADMINISTRATIVE EXPENSES IN THE HANDLING OF
 7 DIRECT PAYMENTS TO THE MONTANA DRUG ABUSE RESISTANCE
 8 EDUCATION PROGRAM.

9 NEW SECTION. SECTION 10. CODIFICATION INSTRUCTION.
 10 [SECTIONS 7 THROUGH 9] ARE INTENDED TO BE CODIFIED AS AN
 11 INTEGRAL PART OF TITLE 15, CHAPTER 30, AND THE PROVISIONS OF
 12 TITLE 15, CHAPTER 30, APPLY TO [SECTIONS 7 THROUGH 9].

13 NEW SECTION. Section 11. Effective date---RETROACTIVE
 14 APPLICABILITY. {1} -- RETROACTIVE APPLICABILITY. (1) [This
 15 act] is effective on passage and approval.

16 {2}--{SECTION---6}--APPLIES--RETROACTIVELY,--WITHIN--THE
 17 MEANING--OF--1-2-109,--TO--TAXABLE--YEARS--BEGINNING---AFTER
 18 DECEMBER-31,--1990.

19 {3}--{SECTIONS--7--AND--8}--APPLY--TO--TAX--FORMS--FILED--FOR
 20 TAXABLE--YEARS--BEGINNING--AFTER--DECEMBER-31,--1990.

21 (2) [SECTION 6] APPLIES RETROACTIVELY, WITHIN THE
 22 MEANING OF 1-2-109, TO TAXABLE YEARS BEGINNING AFTER
 23 DECEMBER 31, 1990.

24 (3) [SECTIONS 7 AND 8] APPLY TO TAX FORMS FILED FOR
 25 TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1990.

1 NEW SECTION. SECTION 12. CONTINGENT TERMINATION.
 2 [SECTIONS 6(7) AND 7 THROUGH 9], CONCERNING THE VOLUNTARY
 3 INCOME TAX CHECKOFF AND ALLOWABLE INCOME TAX DEDUCTIONS FOR
 4 CONTRIBUTIONS MADE TO THE D.A.R.E. PROGRAM, TERMINATE ON
 5 JANUARY 1 OF THE FIRST TAXABLE YEAR FOLLOWING THE 2
 6 IMMEDIATELY PRECEDING TAXABLE YEARS IN WHICH THE VOLUNTARY
 7 CHECKOFF RAISES LESS THAN \$20,000 IN EACH OF THOSE 2 TAXABLE
 8 YEARS.

-End-