

1 *House* BILL NO. *728*
 2 INTRODUCED BY *Vincent, Lerman*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN
 5 INCOME TAX EXEMPTION FOR PARENTS OF A CHILD WITH A
 6 HANDICAP."

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

9 Section 1. There is a new R.C.M. section numbered
 10 84-4910.1 that reads as follows:

11 84-4910.1. Additional exemption for a child with
 12 handicap. (1) In lieu of the exemption in 84-4910(3)(e), an
 13 exemption of \$1,000 shall be allowed for taxable years
 14 beginning after December 31, 1976, for each child with a
 15 handicap.

16 (2) In order to be eligible for the exemption, a child
 17 with a handicap must, for the taxable year of the taxpayer,
 18 have as his principal place of abode the home of the
 19 taxpayer.

20 (3) For the purposes of this section the term "child
 21 with a handicap" means a child who is:

- 22 (a) developmentally disabled as defined in 38-1202(4);
- 23 (b) a victim of polio;
- 24 (c) a victim of muscular dystrophy;
- 25 (d) blind;

- 1 (e) deaf;
- 2 (f) physically malformed; or
- 3 (g) afflicted with any other condition which impairs
- 4 the child's physical or mental capacity as certified by a
- 5 licensed physician.

-End-

STATE OF MONTANA

REQUEST NO. 472-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 728 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill provides for an income tax exemption for parents of a child with a handicap.

ASSUMPTIONS

1. The Department of Revenue income tax projections of \$123.732M in FY 78 and \$140.093M in FY 79 were assumed correct.
2. The effect would be to increase the exemption \$350 for children that are handicapped. The reduction in tax revenues would equal \$350 x the tax rate x the number of handicapped children.
3. The tax rate would be between 3.5 and 5%.
4. The number of handicapped children is approximately 6,000. (2% of population < 19 years old).
5. Administrative costs would remain unchanged.

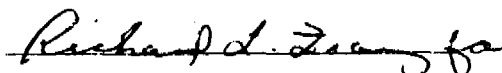
FISCAL IMPACT

Income tax revenues will decline by \$73,500-\$105,000 each fiscal year this act is in effect. This is less than 0.09%.

TECHNICAL NOTE

This bill should become effective upon passage and approval. This accommodates those taxpayers with short tax years.

PREPARED BY DEPARTMENT OF REVENUE


BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2-17-77

FISCAL NOTE

Form BD-15

In compliance with a written request received March 28, 19 77, there is hereby submitted a Fiscal Note for House Bill 728 AMENDED pursuant to Chapter 53, Session Laws -- Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Department of Administration, Budget Bureau, to members of the Legislative Assembly upon request.

DESCRIPTION

This bill provides for an income tax exemption for parents of a dependent child with a handicap; and provides an immediate effective date.

ASSUMPTIONS

1. Income tax collections: FY 78 \$123.732M, FY 79 \$140.093M
2. Effectively the bill would increase the exemption for each handicapped dependent by \$650.
3. The present effective tax rate on the dollars being exempted under this bill has between 3.5% and 5.0%.
4. Administrative costs will be unchanged.
5. The definition of "handicapped" under the amended bill is somewhat broader than that of the original bill. It is not known precisely how many individuals might be within the purview of the new definition. It is estimated, for purposes of this note, that about (2% of 300,000 = 6,000).

IMPACT

Loss in Income Tax Revenue each year: \$136,500 - \$195,000

Maximum loss 0.15% FY 1977, 0.139% FY 1978

LONG-RANGE EFFECTS

Revenue losses will run to approximately the same levels during subsequent fiscal years.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Drury for
CHIEF, BUDGET BUREAU
Department of Administration
Date: 2-29-77

Approved by Committee
on Taxation

1 HOUSE BILL NO. 728
2 INTRODUCED BY VINCENT, ESTENSON
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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN
5 INCOME TAX EXEMPTION FOR PARENTS OF A DEPENDENT CHILD WITH A
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9 Section 1. There is a new R.C.M. section numbered
10 84-4910.1 that reads as follows:
11 84-4910.1. Additional exemption for a DEPENDENT child
12 with handicap. (1) In lieu of the exemption in
13 84-4910(3)(e), an exemption of ~~\$1,000~~ FOR TWICE THE AMOUNT
14 ALLOWED FOR DEPENDENTS shall be allowed for taxable years
15 beginning after December 31, 1976, for each DEPENDENT child
16 with a handicap.

17 (2) In order to be eligible for the exemption, a
18 DEPENDENT child with a handicap must, for the taxable year
19 of the taxpayer, have as his principal place of abode the
20 home of the taxpayer. A DEPENDENT CHILD OF ANY AGE WITH A
21 HANDICAP MAY BE ELIGIBLE FOR THIS EXEMPTION.

22 (3) For the purposes of this section the term "child
23 with a handicap" means a child who is:

- 24 (a) developmentally disabled as defined in 38-1202(4);
25 (b) a victim of polio;

- 1 (c) a victim of muscular dystrophy;
2 (d) blind;
3 (e) deaf;
4 (f) physically malformed; or
5 (g) afflicted with any other condition which impairs
6 the child's physical or mental capacity as certified by a
7 licensed physician.

-End-

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN
 5 INCOME TAX EXEMPTION FOR PARENTS OF A DEPENDENT CHILD WITH A
 6 HANDICAP; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
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- 1 (c) a victim of muscular dystrophy;
- 2 (d) blind;
- 3 (e) deaf;
- 4 (f) physically malformed; or
- 5 (g) afflicted with any other condition which impairs
- 6 the child's physical or mental capacity as certified by a
- 7 licensed physician.

8 SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON
 9 ITS PASSAGE AND APPROVAL.

-End-

1 HOUSE BILL NO. 728

2 INTRODUCED BY VINCENT, ESTENSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN
5 INCOME TAX EXEMPTION FOR PARENTS OF A DEPENDENT CHILD WITH A
6 HANDICAP, ~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

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16 with a handicap.

17 (2) In order to be eligible for the exemption, a
18 DEPENDENT child with a handicap must, for the taxable year
19 of the taxpayer, have as his principal place of abode the
20 home of the taxpayer, AND HAVE A HANDICAP OF GREAT ENOUGH
21 SEVERITY THAT IT SIGNIFICANTLY REDUCES HIS ABILITY TO
22 FUNCTION NORMALLY. A DEPENDENT CHILD OF ANY AGE WITH A
23 HANDICAP MAY BE ELIGIBLE FOR THIS EXEMPTION.

24 (3) For the purposes of this section the term "child
25 with a handicap" means a child who is:

1 (a) developmentally disabled as defined in 38-1202(4);
2 (b) a victim of polio;
3 (c) a victim of muscular dystrophy;
4 (d) blind;
5 (e) deaf;
6 (f) physically ~~malformed~~ HANDICAPPED; or
7 (g) afflicted with any other condition which impairs
8 the child's physical or mental capacity as certified by a
9 licensed physician.

10 ~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON~~
11 ~~ITS PASSAGE AND APPROVAL.~~

12 SECTION 2. PHYSICIAN'S VERIFICATION OF HANDICAP
13 REQUIRED. A TAXPAYER CLAIMING THE EXEMPTION PROVIDED FOR IN
14 84-4910.1 MUST PROVIDE WITH HIS INCOME TAX STATEMENT WRITTEN
15 DOCUMENTATION BY A LICENSED PHYSICIAN THAT THE HANDICAP IS
16 OF GREAT ENOUGH SEVERITY THAT IT SIGNIFICANTLY REDUCES THE
17 DEPENDENT CHILD'S ABILITY TO FUNCTION NORMALLY.

-End-

April 14, 1977

STANDING COMMITTEE REPORT
Senate Committee on Taxation

That House Bill No. 728 be amended as follows:

1. Amend page 1, section 1, line 20.

Following: "HAVE A"

Insert: "permanent"

2. Amend page 1, section 1, line 21 through line 9, page 2.

Following: "IT"

Strike: remainder of line 20 page 1 through line 9 on page 2 in their entirety

Insert: "constitutes not less than 50% disability to the body as a whole. An exemption may be allowed for a dependent with a permanent handicap after he reaches the age of majority if he continues to be a dependent."

3. Amend page 2, section 2, lines 15 through 17.

Following: "HANDICAP"

Strike: remainder of line 15 through line 17 in their entirety

Insert: "qualifies under section 1 herein."

4. Amend page 2, line 17.

Following: line 17.

Insert: "Section 3. Effective date. This act applies to taxable years beginning after December 31, 1976."

HOUSE BILL NO. 728

INTRODUCED BY VINCENT, ESTENSON

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN INCOME TAX EXEMPTION FOR PARENTS OF A DEPENDENT CHILD WITH A HANDICAP ~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

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

Section 1. There is a new R.C.M. section numbered 84-4910.1 that reads as follows:

84-4910.1. Additional exemption for a DEPENDENT child with handicap. (1) In lieu of the exemption in 84-4910(3)(e), an exemption of ~~\$1,000~~ FOR TWICE THE AMOUNT ALLOWED FOR DEPENDENTS shall be allowed for taxable years beginning after December 31, 1976, for each DEPENDENT child with a handicap.

(2) In order to be eligible for the exemption, a DEPENDENT child with a handicap must, for the taxable year of the taxpayer, have as his principal place of abode the home of the taxpayer, AND HAVE A PERMANENT HANDICAP OF GREAT ENOUGH SEVERITY THAT IT SIGNIFICANTLY REDUCES HIS ABILITY TO FUNCTION NORMALLY. A DEPENDENT CHILD OF ANY AGE WITH A HANDICAP MAY BE ELIGIBLE FOR THIS EXEMPTION.

~~(3) For the purposes of this section the term "child with a handicap" means a child who is~~

(a) ~~developmentally disabled as defined in 38-1202(4);~~
 (b) ~~a victim of polio;~~
 (c) ~~a victim of muscular dystrophy;~~
 (d) ~~blind;~~
 (e) ~~deaf;~~
 (f) ~~physically malformed HANICAPPED; or~~
 (g) ~~afflicted with any other condition which impairs the child's physical or mental capacity as certified by a licensed physician.~~ CONSTITUTES NOT LESS THAN 50% DISABILITY TO THE BODY AS A WHOLE. AN EXEMPTION MAY BE ALLOWED FOR A DEPENDENT WITH A PERMANENT HANDICAP AFTER HE REACHES THE AGE OF MAJORITY IF HE CONTINUES TO BE A DEPENDENT.

~~SECTION 2. EFFECTIVE DATE. THIS ACT IS EFFECTIVE ON ITS PASSAGE AND APPROVAL.~~

SECTION 2. PHYSICIAN'S VERIFICATION OF HANDICAP REQUIRE. A TAXPAYER CLAIMING THE EXEMPTION PROVIDED FOR IN 84-4910.1 MUST PROVIDE WITH HIS INCOME TAX STATEMENT WRITTEN DOCUMENTATION BY A LICENSED PHYSICIAN THAT THE HANDICAP IS OF GREAT ENOUGH SEVERITY THAT IT SIGNIFICANTLY REDUCES THE DEPENDENT CHILD'S ABILITY TO FUNCTION NORMALLY. QUALIFIES UNDER SECTION 1 HEREIN.

SECTION 3. EFFECTIVE DATE. THIS ACT APPLIES TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1976.

-End-

REFERENCE BILL