

CHAPTER NO. 90

HOUSE BILL NO. 72

INTRODUCED BY REICHERT

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE HOUSE

January 4, 1979	Introduced and referred to Committee on Taxation.
January 6, 1979	On motion, joint rule 6-6 suspended and sponsor's signature allowed to be added to prefiled bill.
January 16, 1979	Committee recommend bill do pass as amended. Report adopted.
January 17, 1979	Printed and placed on members' desks.
January 18, 1979	Second reading, do pass.
January 19, 1979	Considered correctly engrossed.
January 22, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

January 23, 1979	Introduced and referred to Committee on Taxation.
February 28, 1979	Committee recommend bill be concurred in. Report adopted.
March 2, 1979	Second reading, concurred in.
March 5, 1979	Third reading, concurred in.

IN THE HOUSE

March 6, 1979

Returned from second house.
Concurred in. Sent to
enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 72
 2 INTRODUCED BY _____
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4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 6 15-30-121, MCA, TO ALLOW A DEDUCTION FOR CHILD AND DEPENDENT
 7 CARE EXPENSES PAID TO RELATIVES UNDER CERTAIN CIRCUMSTANCES;
 8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

11 Section 1. Section 15-30-121, MCA, is amended to read:

12 "15-30-121. Deductions allowed in computing net
 13 income. In computing net income, there are allowed as
 14 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) child and dependent care expenses determined in
 23 accordance with the provisions of section 214 of the
 24 Internal Revenue Code of 1954 that were in effect for the
 25 taxable year that began January 1, 1974. ~~However, the~~

1 ~~limitation set forth in section 214(e)(4) of the Internal~~
 2 ~~Revenue Code of 1954 as that section was in effect for the~~
 3 ~~taxable year that began January 1, 1974, does not apply to~~
 4 ~~any amount paid for services that constitute employment for~~
 5 ~~social security tax purposes and that are performed by an~~
 6 ~~individual with respect to whom neither the taxpayer nor the~~
 7 ~~taxpayer's spouse is entitled to a deduction for personal~~
 8 ~~exemptions for dependents for the taxable year in which the~~
 9 ~~service is performed.~~

10 (4) that portion of an energy-related investment
 11 allowed as a deduction under 15-32-103."

12 Section 2. Effective date. This act is effective on
 13 its passage and approval and applies to taxable years
 14 beginning after December 31, 1978.

-End-

STATE OF MONTANA

REQUEST NO. 9-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 79, there is hereby submitted a Fiscal Note for House Bill 72 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:

An Act to amend section 15-30-121, MCA, to allow a deduction for child and dependent care expenses paid to relatives under certain circumstances; and providing an immediate effective date.

ASSUMPTIONS:

- a) 7500 taxpayers will claim a deduction for expenditures for household and dependent care services paid to relatives who are not dependents of the taxpayer under the proposed law
- b) the average deduction claimed under assumption (a) is \$180
- c) the effective tax rate for individual income tax is 5.59% as a percentage of taxable income
- d) the Department of Revenue forecast of individual income receipts for FY80 and FY81 (\$154.268 million in FY80, \$169.79 million in FY81) is assumed to be the basis for comparison.

FISCAL IMPACT:

	<u>FY80</u>	<u>FY81</u>
Individual Income Tax Collections		
under current law	\$154,268,000	\$169,790,000
under proposed law	154,193,000	169,715,000
Estimated decrease in revenue	<u>(\$ 75,000)</u>	<u>(\$ 75,000)</u>

FUND INFORMATION:

General Fund	\$(56,250)	\$(56,250)
Public School Equalization Earmarked Revenue Account	<u>(18,750)</u>	<u>(18,750)</u>
Total	<u>\$(75,000)</u>	<u>\$(75,000)</u>

OTHER COMMENTS:

It is noted that revenues to the Public School Equalization Earmarked Revenue Account are used to support the Public School Foundation Program; therefore, any decrease in revenues to that accounting entity either (1) results in a decrease in the Foundation Program schedules, (2) requires additional support from other contributors to the Foundation Program (oil and gas royalties, corporation license tax, individual income tax, State General Fund appropriation, etc.), or (3) requires a state deficiency levy.

LONG-RANGE IMPACT:

Revenues would be reduced by approximately 0.05% from the current level.

Richard L. Deary
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/16/79

Approved by Committee
on Taxation

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CLOSE OF THE TAXABLE YEAR AND TO PAYMENTS MADE TO AN
INDIVIDUAL WITH RESPECT TO WHOM A DEDUCTION IS ALLOWABLE
UNDER 15-30-112(5) TO THE TAXPAYER OR THE TAXPAYER'S SPOUSE.~~

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