

**HOUSE BILL NO. 125**

**INTRODUCED BY HANSEN, KEMMIS, FARRIS, NORDTVEDT,  
HOLLIDAY, J. HAMMOND, J. BROWN, VAN VALKENBURG**

**IN THE HOUSE**

|                  |  |
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| January 7, 1983  | Introduced and referred to Committee on Taxation.  |
| January 10, 1983 | On motion by chief sponsor Representatives Farris, Holliday, J. Hammond, J. Brown, and Van Valkenburg were added as authors to the bill. |
| January 11, 1983 | On motion by chief sponsor Representative Nordtvedt was added as an author to the bill.  |
| January 13, 1983 | Committee recommend bill do pass as amended.<br>Report adopted.  |
| January 14, 1983 | Bill printed and placed on members' desks.   |
| January 15, 1983 | Motion pass consideration.   |
| January 17, 1983 | Second reading, do pass.   |
| January 18, 1983 | Considered correctly engrossed.  |
| January 19, 1983 | Third reading, passed.<br>Transmitted to Senate.   |

**IN THE SENATE**

|                  |   |
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| January 20, 1983 | Introduced and referred to Committee on Taxation. |
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March 4, 1983

Committee recommend bill  
be concurred in. Report  
adopted.

March 7, 1983

Second reading, concurred  
in.

March 9, 1983

Third reading, concurred  
in. Ayes, 48; Noes, 2.

#### IN THE HOUSE

March 9, 1983

Returned to House

March 10, 1983

Sent to enrolling.

Reported correctly  
enrolled.

1 *House* BILL NO. *125*  
 2 INTRODUCED BY *Steve Jacobson Kemmis*  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE  
 5 REQUIREMENT THAT A JOINT INCOME TAX RETURN MUST BE FILED BY  
 6 A MARRIED INDIVIDUAL IF THAT INDIVIDUAL CLAIMS A DEDUCTION  
 7 FOR CHILD AND DEPENDENT CARE EXPENSES; AMENDING SECTION  
 8 15-30-121, MCA; AND PROVIDING AN APPLICABILITY 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, except

1 that:  
 2 (a) the limitation set forth in section 214(e)(4) of  
 3 the Internal Revenue Code of 1954 as that section was in  
 4 effect for the taxable year that began January 1, 1974,  
 5 applies only to payments made to a child of the taxpayer who  
 6 is under 19 years of age at the close of the taxable year  
 7 and to payments made to an individual with respect to whom a  
 8 deduction is allowable under 15-30-112(5) to the taxpayer or  
 9 the taxpayer's spouse; and  
 10 ~~(b) the limitation set forth in section 214(e)(1) of~~  
 11 ~~the Internal Revenue Code of 1954 as that section was in~~  
 12 ~~effect for the taxable year that began January 1, 1974, does~~  
 13 ~~not apply.~~  
 14 (4) in the case of an individual, political  
 15 contributions determined in accordance with the provisions  
 16 of section 218(a) and (b) of the Internal Revenue Code that  
 17 were in effect for the taxable year ended December 31, 1978;  
 18 (5) that portion of expenses for organic fertilizer  
 19 allowed as a deduction under 15-32-303 which was not  
 20 otherwise deducted in computing taxable income;  
 21 (6) light vehicle license fees, as provided by  
 22 61-3-532, paid during the taxable year."  
 23 NEW SECTION. Section 2. Applicability. This act  
 24 applies to taxable years beginning after December 31, 1982.

-End-

-2- INTRODUCED BILL  
 HB 125

## STATE OF MONTANA

071-83

REQUEST NO. \_\_\_\_\_

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 125 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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.

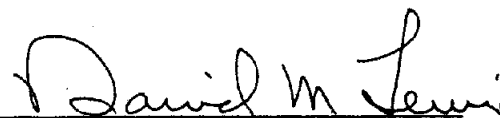
DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 125 removes the requirement that a joint income tax return must be filed by a married individual if that individual claims a deduction of child and dependent care expenses and provides for an applicability date.

FISCAL IMPACT:

It is not possible to estimate the effect of this proposal with any precision, however, it is believed that the effect upon individual income tax receipts could be substantial. Among returns filed for income earned in 1981, there were 4,186 returns which claimed deductions for child and dependent care services totalling \$3,826,244 as employment-related expenses. In 1980, it was estimated that there were 33,899 working mothers with children under 17 years of age (37% of all working women). Furthermore, there were 13,864 children under 6 with both parents working. If an additional 5,000 return filers claimed child care deductions averaging \$900, this would result in a \$225,000 revenue loss annually, assuming an effective tax rate of 5% -- and this should probably be interpreted as a conservative estimate of the effect.

FISCAL NOTE3:K/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-13-83

Approved by Committee  
on Taxation

*As Amended*

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A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE REQUIREMENT THAT A JOINT INCOME TAX RETURN MUST BE FILED BY A MARRIED INDIVIDUAL IF THAT INDIVIDUAL CLAIMS A DEDUCTION FOR CHILD AND DEPENDENT CARE EXPENSES; PROVIDING FOR ALLOCATION OF THE DEDUCTION BETWEEN SPOUSES; AMENDING SECTION 15-30-121, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. 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) child and dependent care expenses determined in

accordance with the provisions of section 214 of the Internal Revenue Code of 1954 that were in effect for the taxable year that began January 1, 1974; However, except that:

(a) the limitation set forth in section 214(e)(4) of the Internal Revenue Code of 1954 as that section was in effect for the taxable year that began January 1, 1974, applies only to payments made to a child of the taxpayer who is under 19 years of age at the 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; and

(b) the limitation set forth in section 214(e)(1) of the Internal Revenue Code of 1954 as that section was in effect for the taxable year that began January 1, 1974, does not apply WHEN THE TAXPAYERS FILE SEPARATELY ON THE SAME FORM; AND

(c) THE DEDUCTION FOR CHILD AND DEPENDENT CARE EXPENSES SHALL BE DIVIDED EQUALLY BETWEEN THE TAXPAYERS.

(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 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

1 otherwise deducted in computing taxable income;  
2 (6) light vehicle license fees, as provided by  
3 61-3-532, paid during the taxable year."  
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