

HOUSE BILL NO 208

1/16 Introduced
1/16 Referred to Taxation
1/17 Fiscal Note Requested
1/22 Fiscal Note Required
1/24 Hearing
2/04 Fiscal Note Requested
Revised Cancelled
Died in Committee

1 HOUSE BILL NO. 208
2 INTRODUCED BY Menahan

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW AUTOMOBILE
5 LIABILITY INSURANCE EXPENSES AS A DEDUCTION IN COMPUTING NET
6 INCOME FOR STATE INCOME TAX PURPOSES; AMENDING SECTION
7 15-30-121, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

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

11 "15-30-121. Deductions allowed in computing net
12 income. In computing net income, there are allowed as
13 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) child and dependent care expenses determined in
22 accordance with the provisions of section 214 of the
23 Internal Revenue Code of 1954 that were in effect for the
24 taxable year that began January 1, 1974, except that:

25 (a) the limitation set forth in section 214(e)(4) of

1 the Internal Revenue Code of 1954 as that section was in
2 effect for the taxable year that began January 1, 1974,
3 applies only to payments made to a child of the taxpayer who
4 is under 19 years of age at the close of the taxable year
5 and to payments made to an individual with respect to whom a
6 deduction is allowable under 15-30-112(5) to the taxpayer or
7 the taxpayer's spouse;

8 (b) the limitation set forth in section 214(e)(1) of
9 the Internal Revenue Code of 1954 as that section was in
10 effect for the taxable year that began January 1, 1974, does
11 not apply when the taxpayers file separately on the same
12 form; and

13 (c) the deduction for child and dependent care
14 expenses shall be divided equally between the taxpayers;

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

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

22 (6) light vehicle license fees, as provided by
23 61-3-532, paid during the taxable year;

24 (7) automobile liability insurance expenses paid
25 within the taxable year."



LC 0870/01

1 NEW SECTION. Section 2. Extension of authority. Any
2 existing authority of the department of revenue to make
3 rules on the subject of the provisions of this act is
4 extended to the provisions of this act.

5 NEW SECTION. Section 3. Applicability. This act is
6 applicable to tax years beginning after December 31, 1984.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN122-85

Form **BD-15**

In compliance with a written request received January 17, 19 85, there is hereby submitted a Fiscal Note for H.B. 208 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.

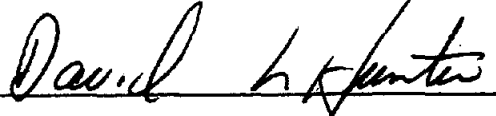
DESCRIPTION

An act to allow automobile liability insurance expenses as a deduction in computing net income for state income tax purposes; amending section 15-30-121, MCA; and providing an applicability date.

ASSUMPTIONS

- 1) Individual income tax revenue is \$192,915,625 in FY1986 and \$204,103,125 in FY1987 (OBPP).
- 2) Total premiums for private passenger automobile liability insurance will be \$66,491,908 for FY1986 and \$68,486,665 for FY1987. (Actual FY1984 premiums of \$62,675,000 - obtained from State Auditor's Office - were inflated 3 percent annually.)
- 3) Filers who itemize deductions pay two-thirds of the total premium.
- 4) The average effective tax rate for filers who itemize deductions is 5.583%.

		FY86		FY87		
	<u>Under</u>	<u>Under</u>	<u>Estimated</u>	<u>Under</u>	<u>Under</u>	<u>Estimated</u>
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Decrease</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Decrease</u>
Individual Income Tax	192,915,625	190,428,422	(2,487,203)	204,103,125	201,541,306	(2,561,819)
TOTAL REVENUE	192,915,625	190,428,422	(2,487,203)	204,103,125	201,541,306	(2,561,819)
 Fund Information:						
General Fund	123,466,000	121,874,190	(1,591,810)	130,626,000	128,986,436	(1,639,564)
Earmarked Special Revenue Fund	48,228,906	47,607,106	(621,800)	51,025,781	50,385,326	(640,455)
Capitol Project Fund	21,220,719	20,947,126	(273,593)	22,451,344	22,169,544	(281,800)



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Jan 22, 1985