

SENATE BILL NO. 436

INTRODUCED BY BENGTON, B. BROWN

IN THE SENATE

February 16, 1985	Introduced and referred to Committee on Taxation.
February 19, 1985	Fiscal Note requested.
February 22, 1985	Fiscal Note returned.
March 11, 1985	Committee recommend bill do pass as amended. Report adopted.
March 12, 1985	Bill printed and placed on members' desks. New Fiscal Note requested.
March 14, 1985	New Fiscal Note returned.
March 15, 1985	Motion pass consideration until the 58th Legislative Day.
March 19, 1985	Second reading, do pass as amended.
March 20, 1985	Correctly engrossed. Third reading, passed. Ayes, 45; Noes, 5. Transmitted to House.

IN THE HOUSE

March 21, 1985	Introduced and referred to Committee on Taxation.
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March 29, 1985

Committee recommend bill be concurred in as amended. Report adopted.

April 1, 1985

Second New Fiscal Note requested.

Second reading, concurred in.

Third reading, concurred in.

Returned to Senate with amendments.

IN THE SENATE

April 1, 1985

Received from House.

April 3, 1985

Second New Fiscal Note returned.

April 4, 1985

Second reading, amendments concurred in.

April 8, 1985

Third reading, amendments concurred in. Ayes, 46; Noes, 3.

Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *436*
 2 INTRODUCED BY *Bengtson Bob Brown*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEDUCTION
 5 FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES IN COMPUTING NET
 6 INCOME FOR INCOME TAX PURPOSES; AMENDING SECTION 15-30-121,
 7 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 (3) expenses of household and dependent care services
 16 as outlined in subsections (3)(a) through (3)(c) and subject
 17 to the limitations and rules as set out in subsections
 18 (3)(d) through (3)(f) as follows:

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

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

23 (ii) a dependent as allowable under 15-30-112(5),
 24 except that the limitations for age and gross income do not
 25 apply, who is unable to care for himself because of physical



1 or mental illness; and
 2 (iii) a spouse who is unable to care for himself
 3 because of physical or mental illness;
 4 (b) employment-related expenses incurred for the
 5 following services, but only if such expenses are incurred
 6 to enable the taxpayer to be gainfully employed:
 7 (i) household services; and
 8 (ii) care of an individual who qualifies under
 9 subsection (3)(a);
 10 (c) expenses incurred in maintaining a household if
 11 over half of the cost of maintaining the household is
 12 furnished by an individual or, if the individual is married
 13 during the applicable period, is furnished by the individual
 14 and his spouse;
 15 (d) the amounts deductible in subsection (3)(a)
 16 through (3)(c) are subject to the following limitations:
 17 (i) a deduction is allowed under subsection (3)(a) for
 18 employment-related expenses incurred during the year only to
 19 the extent such expenses do not exceed \$4,800;
 20 (ii) expenses for services in the household are
 21 deductible under subsection (3)(a) for employment-related
 22 expenses only if they are incurred for services in the
 23 taxpayer's household, except that employment-related
 24 expenses incurred for services outside the taxpayer's
 25 household are deductible, but only if incurred for the care

1 of a qualifying individual described in subsection (3)(a)(i)
 2 and only to the extent such expenses incurred during the
 3 year do not exceed:
 4 (A) \$2,400 in the case of one qualifying individual;
 5 (B) \$3,600 in the case of two qualifying individuals;
 6 and
 7 (C) \$4,800 in the case of three or more qualifying
 8 individuals;
 9 (e) if the combined adjusted gross income of the
 10 taxpayers exceeds \$18,000 for the taxable year during which
 11 the expenses are incurred, the amount of the
 12 employment-related expenses incurred must be reduced by
 13 one-half of the excess of the combined adjusted gross income
 14 over \$18,000;
 15 (f) for purposes of this subsection (3):
 16 (i) married couples shall file a joint return or file
 17 separately on the same form;
 18 (ii) if the taxpayer is married during any period of
 19 the taxable year, employment-related expenses incurred are
 20 deductible only if:
 21 (A) both spouses are gainfully employed on a
 22 substantially full-time basis; or
 23 (B) the spouse is a qualifying individual described in
 24 subsection (3)(a)(iii);
 25 (iii) an individual legally separated from his spouse

1 under a decree of divorce or of separate maintenance may not
2 be considered as married;

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

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

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

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

18 (6) light vehicle license fees, as provided by
19 61-3-532, paid during the taxable year."

20 NEW SECTION. Section 2. Extension of authority. Any
21 existing authority of the department of revenue to make
22 rules on the subject of the provisions of this act is
23 extended to the provisions of this act.

24 NEW SECTION. Section 3. Applicability. This act is
25 applicable to taxable years beginning after December 31,

1 1984.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 464-85

Form BD-15

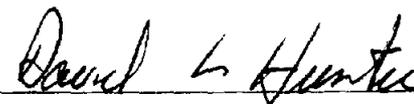
In compliance with a written request received February 19, 19 85, there is hereby submitted a Fiscal Note for S.B. 436 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to revise the deduction for household and dependent care expenses in computing net income for income tax purposes.

FISCAL IMPACT:

The proposed bill will have no fiscal impact. The bill is written to delete references to the Internal Revenue Code and to simplify the language.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 22, 1985
SB 436

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 436

INTRODUCED BY BENGTON, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEDUCTION FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES IN COMPUTING NET INCOME FOR INCOME TAX PURPOSES; 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 17, 1974, 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 17, 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;~~

~~(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 17, 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;~~

(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



1 or mental illness; and
 2 (iii) a spouse who is unable to care for himself
 3 because of physical or mental illness;
 4 (b) employment-related expenses incurred for the
 5 following services, but only if such expenses are incurred
 6 to enable the taxpayer to be gainfully employed:
 7 (i) household services; and
 8 (ii) care of an individual who qualifies under
 9 subsection (3)(a);
 10 (c) expenses incurred in maintaining a household if
 11 over half of the cost of maintaining the household is
 12 furnished by an individual or, if the individual is married
 13 during the applicable period, is furnished by the individual
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 15 (d) the amounts deductible in subsection (3)(a)
 16 through (3)(c) are subject to the following limitations:
 17 (i) a deduction is allowed under subsection (3)(a) for
 18 employment-related expenses incurred during the year only to
 19 the extent such expenses do not exceed \$4,800 \$9,000;
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 21 deductible under subsection (3)(a) for employment-related
 22 expenses only if they are incurred for services in the
 23 taxpayer's household, except that employment-related
 24 expenses incurred for services outside the taxpayer's
 25 household are deductible, but only if incurred for the care

1 of a qualifying individual described in subsection (3)(a)(i)
 2 and only to the extent such expenses incurred during the
 3 year do not exceed:
 4 (A) \$2,400 \$4,500 in the case of one qualifying
 5 individual;
 6 (B) \$3,600 \$6,750 in the case of two qualifying
 7 individuals; and
 8 (C) \$4,800 \$9,000 in the case of three or more
 9 qualifying individuals;
 10 (e) if the combined adjusted gross income of the
 11 taxpayers exceeds \$10,000 \$34,000 for the taxable year
 12 during which the expenses are incurred, the amount of the
 13 employment-related expenses incurred must be reduced by
 14 one-half of the excess of the combined adjusted gross income
 15 over \$10,000 \$34,000;
 16 (f) for purposes of this subsection (3):
 17 (i) married couples shall file a joint return or file
 18 separately on the same form;
 19 (ii) if the taxpayer is married during any period of
 20 the taxable year, employment-related expenses incurred are
 21 deductible only if:
 22 (A) both spouses are gainfully employed on a
 23 substantially full-time basis; or
 24 (B) the spouse is a qualifying individual described in
 25 subsection (3)(a)(iii);

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

4 (iv) the deduction for employment-related expenses must
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 6 separately on the same form;

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

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

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

19 (6) light vehicle license fees, as provided by
 20 61-3-532, paid during the taxable year."

21 NEW SECTION. Section 2. Extension of authority. Any
 22 existing authority of the department of revenue to make
 23 rules on the subject of the provisions of this act is
 24 extended to the provisions of this act.

25 NEW SECTION. Section 3. Applicability. This act is

1 applicable to taxable years beginning after December 31,
 2 1984.

-End-

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The fiscal note reflects estimates based on the manner in which federal law has been interpreted in the past. The proposed legislation reflects the substance of that federal law but does not repeat it word for word. It may be necessary to provide definitions to clarify for Montana Tax Law purposes the intent of this legislation, particularly for section (3)(b)(i) which relates to household services.

STATE OF MONTANA
FISCAL NOTE

Amended
REQUEST NO. FNN 464-85
Form BD-15

In compliance with a written request received April 1, 19 85, there is hereby submitted a Fiscal Note for S.B. 436 (Amended) 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:

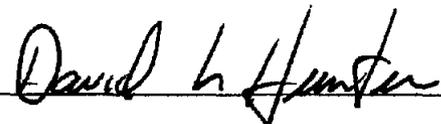
An act to revise the deduction for household and dependent care expenses in computing net income for income tax purposes; and providing an applicability date.

ASSUMPTIONS:

- 1) Individual Income Tax revenue under current law is \$196,157,813 in FY 86 and \$209,890,625 in FY 87 (OBPP).
- 2) Expanding the deduction maximum will impact approximately 150 returns currently claiming the maximum by reducing the tax liability of these returns an average of \$46.67.
- 3) Increasing the income limitation will reduce liabilities of new claimants by approximately \$81,000.

FISCAL IMPACT:

	<u>Under</u>	<u>FY 1986</u> <u>Under</u>	<u>Difference</u>	<u>Under</u>	<u>FY 1987</u> <u>Under</u>	<u>Difference</u>
	<u>Current Law</u>	<u>Proposed Law</u>		<u>Current Law</u>	<u>Proposed Law</u>	
Individual Income Tax	\$196,157,813	\$196,069,813	\$ (88,000)	\$209,890,625	\$209,802,625	\$ (88,000)
TOTAL REVENUE	\$196,157,813	\$196,069,813	\$ (88,000)	\$209,890,625	\$209,802,625	\$ (88,000)
General Fund	\$125,541,000	\$125,484,680	\$ (56,320)	\$134,330,000	\$134,273,680	\$ (56,320)
School Foundation Program	49,039,453	49,017,453	(22,000)	52,472,656	52,450,656	(22,000)
Debt Service Fund	21,577,360	21,567,680	(9,680)	23,087,969	23,078,289	(9,680)



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: April 3, 1985

AMENDED FISCAL NOTE SB 436

SENATE BILL NO. 436

INTRODUCED BY BENGTON, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEDUCTION FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES IN COMPUTING NET INCOME FOR INCOME TAX PURPOSES; AMENDING SECTION 15-30-121, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

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(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;

(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;

(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:

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(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

1 or mental illness; and
 2 (iii) a spouse who is unable to care for himself
 3 because of physical or mental illness;
 4 (b) employment-related expenses incurred for the
 5 following services, but only if such expenses are incurred
 6 to enable the taxpayer to be gainfully employed:
 7 (i) household services WHICH ARE ATTRIBUTABLE TO THE
 8 CARE OF THE QUALIFYING INDIVIDUAL; and
 9 (ii) care of an individual who qualifies under
 10 subsection (3)(a);
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 12 over half of the cost of maintaining the household is
 13 furnished by an individual or, if the individual is married
 14 during the applicable period, is furnished by the individual
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 19 employment-related expenses incurred during the year only to
 20 the extent such expenses do not exceed \$4,800 \$9,000;
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 24 taxpayer's household, except that employment-related
 25 expenses incurred for services outside the taxpayer's

1 household are deductible, but only if incurred for the care
 2 of a qualifying individual described in subsection (3)(a)(i)
 3 and only to the extent such expenses incurred during the
 4 year do not exceed:
 5 (A) ~~\$2,400~~ \$4,500 in the case of one qualifying
 6 individual;
 7 (B) ~~\$3,600~~ \$6,750 in the case of two qualifying
 8 individuals; and
 9 (C) ~~\$4,800~~ \$9,000 in the case of three or more
 10 qualifying individuals;
 11 (e) if the combined adjusted gross income of the
 12 taxpayers exceeds ~~\$18,000~~ ~~\$34,000~~ \$26,000 for the taxable
 13 year during which the expenses are incurred, the amount of
 14 the employment-related expenses incurred must be reduced by
 15 one-half of the excess of the combined adjusted gross income
 16 over ~~\$18,000~~ ~~\$34,000~~ \$26,000;
 17 (f) for purposes of this subsection (3):
 18 (i) married couples shall file a joint return or file
 19 separately on the same form;
 20 (ii) if the taxpayer is married during any period of
 21 the taxable year, employment-related expenses incurred are
 22 deductible only if:
 23 (A) both spouses are gainfully employed on a
 24 substantially full-time basis; or
 25 (B) the spouse is a qualifying individual described in

1 subsection (3)(a)(iii);
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 3 under a decree of divorce or of separate maintenance may not
 4 be considered as married;
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 6 be divided equally between the spouses when filing
 7 separately on the same form;
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 9 under 19 years of age at the close of the taxable year and
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 11 deduction is allowable under 15-30-112(5) are not deductible
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 19 otherwise deducted in computing taxable income;
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 21 61-3-532, paid during the taxable year."
 22 NEW SECTION. Section 2. Extension of authority. Any
 23 existing authority of the department of revenue to make
 24 rules on the subject of the provisions of this act is
 25 extended to the provisions of this act.

1 NEW SECTION. Section 3. Applicability. This act is
 2 applicable to taxable years beginning after December 31,
 3 1984.

-End-

STANDING COMMITTEE REPORT

HOUSE

Page 1 of 2.

March 29, 1985

Page 2 of 2.

March 29, 1985

SB 436

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 436

third reading copy (blue color)

AN ACT TO REVISE THE DEDUCTION FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES IN COMPUTING NET INCOME FOR INCOME TAX PURPOSES;

4. Page 4, line 9. Following: "\$47,800" Strike: "\$9,000" Insert: "\$4,800"

5. Page 4, line 12. Following: "\$34,800" Strike: "\$26,000" Insert: "\$18,000"

6. Page 4, line 16. Following: "\$34,800" Strike: "\$26,000" Insert: "\$18,000"

AND AS AMENDED BE CONCURRED IN

Jim 3/29

Respectfully report as follows: That SENATE Bill No. 436

be amended as follows:

1. Page 3, line 20. Following: "\$47,800" Strike: "\$9,000" Insert: "\$4,800"

2. Page 4, line 5. Following: "\$27,400" Strike: "\$4,500" Insert: "\$2,400"

3. Page 4, line 7. Following: "\$37,600" Strike: "\$6,750" Insert: "\$3,600"

AS

AS

(continued)

Chairman.

Gerry Devlin

GERRY DEVLIN,

Chairman.

SENATE BILL NO. 436

INTRODUCED BY BENGTON, B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEDUCTION FOR HOUSEHOLD AND DEPENDENT CARE EXPENSES IN COMPUTING NET INCOME FOR INCOME TAX PURPOSES; AMENDING SECTION 15-30-121, MCA; AND PROVIDING AN APPLICABILITY DATE."

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~~(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 17, 1974, 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 17, 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;~~

~~(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 17, 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;~~

(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

1 or mental illness; and

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

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

7 (i) household services WHICH ARE ATTRIBUTABLE TO THE
 8 CARE OF THE QUALIFYING INDIVIDUAL; and

9 (ii) care of an individual who qualifies under
 10 subsection (3)(a);

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

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

18 (i) a deduction is allowed under subsection (3)(a) for
 19 employment-related expenses incurred during the year only to
 20 the extent such expenses do not exceed ~~\$4,800~~ ~~\$9,000~~ \$4,800;

21 (ii) expenses for services in the household are
 22 deductible under subsection (3)(a) for employment-related
 23 expenses only if they are incurred for services in the
 24 taxpayer's household, except that employment-related
 25 expenses incurred for services outside the taxpayer's

1 household are deductible, but only if incurred for the care
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9 (C) ~~\$4,800~~ ~~\$9,000~~ \$4,800 in the case of three or more
 10 qualifying individuals;

11 (e) if the combined adjusted gross income of the
 12 taxpayers exceeds ~~\$18,000~~ ~~\$34,000~~ ~~\$26,000~~ \$18,000 for the
 13 taxable year during which the expenses are incurred, the
 14 amount of the employment-related expenses incurred must be
 15 reduced by one-half of the excess of the combined adjusted
 16 gross income over ~~\$18,000~~ ~~\$34,000~~ ~~\$26,000~~ \$18,000;

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

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

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

23 (A) both spouses are gainfully employed on a
 24 substantially full-time basis; or

25 (B) the spouse is a qualifying individual described in

1 subsection (3)(a)(iii);
 2 (iii) an individual legally separated from his spouse
 3 under a decree of divorce or of separate maintenance may not
 4 be considered as married;

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

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

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

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

20 (6) light vehicle license fees, as provided by
 21 61-3-532, paid during the taxable year."

22 NEW SECTION. Section 2. Extension of authority. Any
 23 existing authority of the department of revenue to make
 24 rules on the subject of the provisions of this act is
 25 extended to the provisions of this act.

1 NEW SECTION. Section 3. Applicability. This act is
 2 applicable to taxable years beginning after December 31,
 3 1984.

-End-