

HB 667 INTRODUCED BY HANNAH, ET AL.
ADDED EXEMPTION FROM INCOME TAX FOR HOME CARE OF
DEPENDENT 65 YEARS OF AGE OR OLDER

2/09 INTRODUCED
2/09 REFERRED TO TAXATION
2/09 FISCAL NOTE REQUESTED
2/13 FISCAL NOTE RECEIVED
2/19 HEARING
3/16 TABLED IN COMMITTEE

1 House BILL NO. 667
2 INTRODUCED BY Harold MERCER Winkler
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE AN
5 ADDITIONAL EXEMPTION FROM STATE INCOME TAX FOR A TAXPAYER
6 WHO CARES FOR A DEPENDENT 65 YEARS OF AGE OR OLDER WITHIN
7 THE TAXPAYER'S HOME AND PROVIDES MORE THAN ONE-HALF OF THE
8 DEPENDENT'S SUPPORT; AND PROVIDING AN IMMEDIATE EFFECTIVE
9 DATE AND A RETROACTIVE APPLICABILITY DATE."
10

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

12 Section 1. Additional exemption for dependent 65 years
13 of age or older who is cared for by taxpayer. (1) In
14 addition to the exemption provided in 15-30-112(5), the
15 taxpayer is entitled to an exemption for twice the amount
16 allowed for a dependent under 15-30-112, adjusted in
17 accordance with 15-30-112(8), for each elderly dependent
18 that the taxpayer cares for within his home.

19 (2) In order to qualify for the exemption, the
20 taxpayer must maintain a household in which he cares for a
21 dependent as defined in 15-30-113 who is 65 years of age or
22 older and must provide more than one-half of the dependent's
23 support for the tax year. The limitation on the gross income
24 of a dependent in 15-30-112(5) does not apply to this
25 section.

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

5 Section 3. Codification instruction. Section 1 is
6 intended to be codified as an integral part of Title 15,
7 chapter 30, part 1, and the provisions of Title 15, chapter
8 30, apply to section 1.

9 Section 4. Effective date -- applicability. This act
10 is effective on passage and approval and applies
11 retroactively, within the meaning of 1-2-109, to taxable
12 years beginning after December 31, 1986.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB667, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide an additional exemption from state income tax for a taxpayer who cares for a dependent 65 years of age or older within the taxpayer's home and provides more than one-half of the dependent's support; providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Individual income tax revenues under current law are \$208,088,000 in FY88, and \$229,991,000 in FY89 (REAC).
2. The exemption level for FY88 is \$1,090; the exemption level for FY89 is \$1,130. (REAC CPI estimates)
3. Approximately 6,351 elderly individuals will qualify for the extra exemptions. (Based on information in Current Population Reports, USDC, Special Studies, "Demographic and Socioeconomic Aspects of Aging in the U.S.", Series p-23, No. 138, pg. 96.)
4. The average effective tax rate will remain constant at the 1985 level of 5.344 percent.
5. By doubling the value of the additional exemption, taxpayers will in effect be entitled to take the value of three exemptions for dependents age 65 or older.
6. Elderly spouses do not qualify for the additional dependent exemptions.

FISCAL IMPACT:

Revenue Impact:

	<u>FY88</u>			<u>FY89</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Individual Income Tax	\$208,088,000	\$207,348,000	\$(740,000)	\$229,991,000	\$229,224,000	\$(767,000)
<u>Fund Information:</u>						
General Fund	\$133,176,000	\$132,702,400	\$(473,600)	\$147,194,000	\$146,703,120	\$(490,880)
Foundation Program	52,022,000	51,837,000	(185,000)	57,498,000	57,306,250	(191,750)
Sinking Fund	22,890,000	22,808,600	(81,400)	25,299,000	25,214,630	(84,370)
TOTAL	\$208,088,000	\$207,348,000	\$(740,000)	\$229,991,000	\$229,224,000	\$(767,000)

David L. Hunter DATE 2/12/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Tom Hannah DATE 2-13-87
 TOM HANNAH, PRIMARY SPONSOR

Fiscal Note for HB667, as introduced.

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