HOUSE BILL NO. 166

INTRODUCED BY GOOD, VINCENT, STRIZICH, GIACOMETTO, REAM, MERCER, WYATT, MOORE, O'CONNELL, MCDONOUGH, REHBERG, MCCORMICK, WALKER

IN THE HOUSE

JANUARY 13, 1989	INTRODUCED	AND	REFERRED	ТО	COMMITTEE
	ON TAXATIO	Ν.			

- JANUARY 14, 1989 FIRST READING.
- MARCH 1, 1989 COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
- MARCH 2, 1989 PRINTING REPORT.
- MARCH 3, 1989 SECOND READING, DO PASS.
- MARCH 4, 1989 ENGROSSING REPORT.
- MARCH 6, 1989 THIRD READING, PASSED. AYES, 92; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 7, 1989 INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.

FIRST READING.

MARCH 22, 1989 COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.

MARCH 27, 1989 SECOND READING, CONCURRED IN.

MARCH 29, 1989 THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

MARCH 30, 1989

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RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS CONCURRED IN.

MARCH 31, 1989

THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

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REPORTED CORRECTLY ENROLLED.

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1 INTRODUCED BY 2 Victober 3 "AN ACT TO ALLOW A CREDIT A BILL FOR AN ACT ENTITIED 4 AGAINST MONTANA INDIVIDUAL INCOME TAX FOR CERTAIN EXPENSES 5 6 INCURRED IN THE CARE OF CERTAIN ELDERLY FAMILY MEMBERS; AND 7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 8 APPLICABILITY DATE."

9

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

11 <u>NEW SECTION.</u> Section 1. Credit for expense of caring 12 for certain elderly family members. (1) There is a credit 13 against the tax imposed by this chapter for qualified 14 elderly care expenses paid by an individual for the care of 15 a qualifying family member during the taxable year.

16 (2) A qualifying family member is an individual who:

17 (a) is related to the taxpayer by blood or marriage;

18 (b) (i) is at least 70 years of age;

19 (ii) is diagnosed by a physician as having senile20 dementia of the Alzheimer type; or

(iii) is disabled within the meaning of section 216(i)
of the federal Social Security Act, as it read on January 1,
1989; and

(c) has a family income of \$15,000 or less for thetaxable year.

Montena Legislative Council

1 (3) For purposes of this section, "family income" 2 means, in the case of an individual who is not married, the 3 adjusted gross income of the individual or, in the case of a 4 married individual, the adjusted gross income of the 5 individual and the individual's spouse.

(4) Qualified elderly care expenses include:

7 (a) payments by the taxpayer for home health agency
8 services provided by an organization certified by the
9 federal health care financing administration, homemaker
10 services, adult day care, respite care, or health-care
11 equipment and supplies:

12 (i) provided to the qualifying family member;

13 (ii) provided by an organization or individual not 14 related to the taxpayer or the qualifying family member; and

15 (iii) not compensated for by insurance or otherwise;

(b) subject to the limitations in subsection (4)(a),
payments by the taxpayer for nursing home care of an
individual who is diagnosed by a physician as having senile
dementia of the Alzheimer type.

20 (5) The percentage amount of credit allowable under21 this section is:

(a) for a taxpayer whose adjusted gross income does
not exceed \$25,000, 30% of qualified elderly care expenses;
or

25 (b) for a taxpayer whose adjusted gross income exceeds

-2- INTRODUCED BILL HB166 1 \$25,000, the greater of:

2

(i) 20% of qualified elderly care expenses; or

3 (ii) 30% of qualified elderly care expenses, less 1%
4 for each \$2,000 or fraction thereof by which the adjusted
5 gross income of the taxpayer for the taxable year exceeds
6 \$25,000.

7 (6) The dollar amount of credit allowable under this8 section is:

9 (a) reduced by \$1 for each dollar of the adjusted 10 gross income over \$50,000 for a taxpayer whose adjusted 11 gross income exceeds \$50,000;

12 (b) limited to \$5,000 per qualifying family member in
13 a taxable year and to \$10,000 total for two or more family
14 members in a taxable year;

15 (c) prorated among multiple taxpayers who each 16 contribute to qualified elderly care expenses of the same 17 qualified family member in a taxable year in the same 18 proportion that their contributions bear to the total 19 qualified elderly care expenses paid by those taxpayers for 20 that qualified family member.

21 (7) A deduction or credit is not allowed under any 22 other provision of this chapter with respect to any amount 23 for which a credit is allowed under this section. The credit 24 allowed under this section may not be claimed as a carryback 25 or carryforward and may not be refunded if the taxpayer has 1 no tax liability.

2 (8) In the case of a married individual filing a 3 separate return, the percentage amount of credit under 4 subsection (5) and the dollar amount of credit under 5 subsection (6) are limited to one-half of the figures 6 indicated in those subsections.

NEW SECTION. Section 2. Codification instruction.
(Section 1) is intended to be codified as an integral part
of Title 15, chapter 30, and the provisions of Title 15,
chapter 30, apply to [section 1].

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority to make rules on the subject of the 13 provisions of [this act] is extended to the provisions of 14 [this act].

15 <u>NEW SECTION.</u> Section 4. Effective date -- retroactive 16 applicability. [This act] is effective on passage and 17 approval and applies retroactively, within the meaning of 18 1-2-109, to taxable years beginning after December 31, 1988.

-End-

-3-

-4-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB166, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to allow a credit against Montana Individual Income Tax for certain expenses incurred in the care of certain elderly family members; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

- 1. There are approximately 65,000 elderly over the age of 70 in the state of Montana. (Bureau of Census, U.S. Department of Commerce)
- Alzheimer's disease and other organic mental disorders effect about 6% of the elderly nationwide or about 3,900 over the age of 70 in Montana. (Aging America Trends and Projections, 1987-88 Edition, U.S. Department of Health and Human Services)
- 3. About 50% of the elderly households nationwide have incomes of less than \$15,000 per year, or about 1,950 qualifying family units. Approximately 90% will not be eligible for Medicaid, or 1,755 elderly. (Aging America)
- 4. A personal care attendant will cost about \$3,000 per year if visiting the home for one to two hours per day at \$8 per hour. (Home Services Continuum Chart, Department of Family Services)
- 5. One-third of the cost of the required care will be paid for by the qualified taxpayer, or about \$1,000 per year. (Department of Revenue)
- 6. Based on the 1986 income tax returns eighty percent of taxpayers will qualify for the maximum credit of 30%, fifteen percent of the taxpayers will qualify for the 20% tax credit, and 5% of the taxpayers will not qualify for the tax credit. (Montana Income Tax Analysis)
- 7. The total tax credit taxpayers will qualify for is:

\$5,265,000 * 33% paid by taxpayer * 80% full credit * 30% credit = \$417,000

- \$5,265,000 * 33% paid by taxpayer * 15% reduced tax credit * 20% credit = \$52,000
- 8. Individual income tax receipts are estimated to be \$239,124,000 in FY90 and \$254,428,000 in FY91. (Revenue Estimating Advisory Council-REAC)
- 9. The credit will require the addition of one line on income tax forms and additional data processing costs. It is estimated that the change will increase Department of Revenue expenditures by \$17,430 in FY90 and \$2,920 in FY91 and subsequent years.

RAY/SHACKLEFORD, BUDGET DIRECTOR / DATE OFFICE OF BUDGET AND PROGRAM PLANNING

SUSAN M. GOOD, PRIMARY SPONSOR

DATE

Fiscal Note for HB166, as introduced

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#Fiscal Note Request; HB165, as introduced Form BD-15 Page 2

Fiscal Impact:

· · · · · · · · · · · · · · · · · · ·		FY90	FY91					
Individual	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference		
Income Tax	\$239,124,000	\$238,655,000	(\$469,000)	\$254,428,000	\$253,959,000	(\$469,000)		
Fund Information:								
General Fund	\$139,170,168	\$138,897,210	(\$272,958)	\$148,077,096	\$147,804,138	(\$272,958)		
Foundation Program	76,041,432	75,892,290	(149,142)	80,908,104	80,758,962	(149,142)		
Sinking Fund	23,912,400	23,865,500	(46,900)	25,442,800	25,395,900	(46,900)		
Total	\$239,124,000	\$238,655,000	(\$469,000)	\$254,428,000	\$253,959,000	(\$469,000)		
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Expenditure Impact:

		FY90		FY91						
General Fund	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference				
Personal Services	\$ 0	\$ 12,140	\$ 12,140	\$ 0	\$ 2,150	\$ 2,150				
Operating Expense	0	5,290	5,290	0	770	770				
Total	\$ 0	\$ 17,430	\$ 17,430	\$ 0	\$ 2,920	\$ 2,920				

Long-Range_Effects of Proposed Legislation:

The provision of an individual income tax credit for families to provide financial assistance to maintain their elderly family members in their own home may reduce the need to build new nursing home beds. The Department of Health estimates that by 1990 an additional 400-500 nursing home beds will be needed across the State.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Revised Fiscal Note for HB166, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to allow a credit against Montana Individual Income Tax for certain expenses incurred in the care of certain elderly family members; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

- 1. There are approximately 65,000 elderly over the age of 70 in the state of Montana. (Bureau of Census, U.S. Department of Commerce)
- 2. Alzheimer's disease and other organic mental disorders effect about 6% of the elderly nationwide or about 3,900 over the age of 70 in Montana.(Aging America Trends and Projections, 1987-88 Edition, U.S. Department of Health and Human Services)
- 3. About 50% of the elderly households nationwide have incomes of less than \$15,000 per year, or about 1,950 qualifying family units. Approximately 90% will not be eligible for Medicaid, or 1,755 elderly. (Aging America)
- 4. A personal care attendant will cost about \$3,000 per year if visiting the home for one to two hours per day at \$8 per hour. (Home Services Continuum Chart, Department of Family Services)
- 5. One-third of the cost of the required care will be paid for by the qualified taxpayer, or about \$1,000 per year. (Department of Revenue)
- 6. Based on the 1986 income tax returns eighty percent of taxpayers will qualify for the maximum credit of 30%, fifteen percent of the taxpayers will qualify for the 20% tax credit, and 5% of the taxpayers will not qualify for the tax credit. (Montana Income Tax Analysis)
- 7. The total tax credit taxpayers will qualify for is: \$5,265,000 * 33% paid by taxpayer * 80% full credit * 30% credit = \$417,000 \$5,265,000 * 33% paid by taxpayer * 15% reduced tax credit * 20% credit = \$52,000
- 8. Individual income tax receipts are estimated to be \$239,124,000 in FY90 and \$254,428,000 in FY91. (Revenue Estimating Advisory Council-REAC)
- 9. The credit will require the addition of one line on income tax forms and additional data processing costs. It is estimated that the change will increase Department of Revenue expenditures by \$17,430 in FY90 and \$2,920 in FY91 and subsequent years.
- 10. Nursing home occupancy rate is 91%.
- 11. If a person were cared for in the home, the nursing home bed would be filled with another person.
- 12. If a person is not eligible for medicaid when they enter the nursing home, their resources are usually depleted quickly and then they are eligible.

RAY/SHACKLEFORD, BUDGET DIRECTOR DAT OFFICE OF BUDGET AND PROGRAM PLANNING

SUSAN M. GOOD, FRIMARY SPONSOR

Revised Fiscal Note for HB166, as introduced HB 166 - Revised

Revised Fiscal Note Request, <u>HB166</u>, <u>as introduced</u> Form BD-15 Page 2

Fiscal Impact:

Individual	Current Law	FY90 Proposed Law	Difference	Current Law	FY91 Proposed Law	Difference	
Individdal	outtenc Law	rroposed Law	DITIETENCE	Gullent Law	rioposed haw	Difference	
Income Tax	\$239,124,000	\$238,655,000	(\$469,000)	\$254,428,000	\$253,959,000	(\$469,000)	
Fund Information:							
General Fund Foundation Program Sinking Fund	\$139,170,168 76,041,432 3,912,400	\$138,897,210 75,892,290 23,865,500	(\$272,958) (149,142) (46,900)	\$148,077,096 80,908,104 25,442,800	\$147,804,138 80,758,962 25,395,900	(\$272,958) (149,142) <u>(46,900)</u>	
Total	\$239,124,000	\$238,655,000	(\$469,000)	\$254,428,000	\$253,959,000	(\$469,000)	

Expenditure Impact:

	FY90					FY91					
General Fund	Current Law		Proposed Law		Difference	Current Law		Proposed Law		Difference	
Personal Services	\$	0	\$	12,140	\$ 12,140	\$	0	\$	2,150	\$	2,150
Operating Expense		0		5,290	5,290		0		770		770
Total	\$	0	\$	17,430	\$ 17,430	\$	0	\$	2,920	\$	2,920

Long-Range Effects of Proposed Legislation:

The provision of an individual income tax credit for families to provide financial assistance to maintain their elderly family members in their own home may reduce the need to build new nursing home beds. The Department of Health estimates that by 1990 an additional 400-500 nursing home beds will be needed across the State.

HB 166- Revised

SPONSOR'S FISCAL NOTE

Form BD-15S

There is hereby submitted a Sponsor's Fiscal Note for: <u>HB 166</u>, Version:____

ASSUMPTIONS:

- 1. There are 4000 nursing home admissions in a given year.
- 2. Of that number 2400 are eligible for Medicaid.
- 3. 10% or 240 individuals will delay admission to nursing homes for 6 months.
- 4. The state portion of Medicaid obligation is \$11.00 per day.
- 5. 180 days x \$11.00 = \$1,980.00.
- 6. $\$1980.00 \times 240 = \$475,200.00$ annually.

UNDER ASSUMPTION 2

- 1985 3,334 Medicaid eligible
- 1986 3,347 Medicaid eligible
- 1987 3,502 Medicaid eligible
- 1988 3,606 Medicaid eligible

PRIMARY SPONSOR ገልበ

Fiscal Note for: HB 166 Version:

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APPROVED BY COMMITTEE ON TAXATION

BALL NO. 1 2 INTRODUCED BY " ARCAL (Kdh/oes 3 "AN ACT TO ALLOW A CREDIT A BILL FOR AN ACT ENGITLED: 4 AGAINST MONTANA INDIVIDUAL INCOME TAX FOR CERTAIN EXPENSES 5 INCURRED IN THE CARE OF CERTAIN ELDERLY FAMILY MEMBERS; AND 6 7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE." 8 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: NEW SECTION. Section 1. Credit for expense of caring 11 for certain elderly family members. (1) There is a credit 12 against the tax imposed by this chapter for qualified 13 14 elderly care expenses paid by an individual for the care of 15 a qualifying family member during the taxable year. 16 (2) A qualifying family member is an individual who: 17 (a) is related to the taxpayer by blood or marriage; 18 (b) (i) is at least 70 years of age; 19 (ii) is diagnosed by a physician as having senile 20 dementia of the Alzheimer type; or 21 (iii) is disabled within the meaning of section 216(i) 22 of the federal Social Security Act, as it read on January 1, 23 1989; and 24 (c) has a family income of \$15,000 or less for the 25 taxable year.

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1 (3) For purposes of this section, "family income" 2 means, in the case of an individual who is not married, the adjusted gross income of the individual or, in the case of a 3 married individual, the adjusted gross income of the 4 individual and the individual's spouse. 5

(4) Qualified elderly care expenses include:

7 (a) payments by the taxpayer for home health agency 8 services provided by an organization certified by the federal health care financing administration, homemaker 9 services, adult day care, respite care, or health-care 10 11 equipment and supplies:

(i) provided to the qualifying family member; 12

(ii) provided by an organization or individual not 13 14 related to the taxpayer or the qualifying family member; and 15

(iii) not compensated for by insurance or otherwise;

16 (b) subject to the limitations in subsection (4)(a), payments by the taxpayer for nursing home care of an 17 individual who is diagnosed by a physician as having senile 18 19 dementia of the Alzheimer type.

20 (5) The percentage amount of credit allowable under 21 this section is:

22 (a) for a taxpayer whose adjusted gross income does not exceed \$25,000, 30% of qualified elderly care expenses; 23 24 or

(b) for a taxpayer whose adjusted gross income exceeds

-2-SECOND READING 4B166

1 \$25,000, the greater of:

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2 (i) 20% of qualified elderly care expenses; or

3 (ii) 30% of qualified elderly care expenses, less 1%
4 for each \$2,000 or fraction thereof by which the adjusted
5 gross income of the taxpayer for the taxable year exceeds
6 \$25,000.

7 (6) The dollar amount of credit allowable under this8 section is:

9 (a) reduced by \$1 for each dollar of the adjusted
10 gross income over \$50,000 for a taxpayer whose adjusted
11 gross income exceeds \$50,000;

12 (b) limited to \$5,000 per qualifying family member in
13 a taxable year and to \$10,000 total for two or more family
14 members in a taxable year;

15 (c) prorated among multiple taxpayers who each 16 contribute to qualified elderly care expenses of the same 17 qualified family member in a taxable year in the same 18 proportion that their contributions bear to the total 19 qualified elderly care expenses paid by those taxpayers for 20 that qualified family member.

21 (7) A deduction or credit is not allowed under any 22 other provision of this chapter with respect to any amount 23 for which a credit is allowed under this section. The credit 24 allowed under this section may not be claimed as a carryback 25 or carryforward and may not be refunded if the taxpayer has 1 no tax liability.

2 (8) In the case of a married individual filing a 3 separate return, the percentage amount of credit under 4 subsection (5) and the dollar amount of credit under 5 subsection (6) are limited to one-half of the figures 6 indicated in those subsections.

NEW SECTION. Section 2. Codification instruction.
[Section 1] is intended to be codified as an integral part
of Title 15, chapter 30, and the provisions of Title 15,
chapter 30, apply to [section 1].

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority to make rules on the subject of the 13 provisions of [this act] is extended to the provisions of 14 [this act].

15 <u>NEW SECTION.</u> Section 4. Effective date -- retroactive 16 applicability. [This act] is effective on passage and 17 approval and applies retroactively, within the meaning of 18 1-2-109, to taxable years beginning after December 31, 1988. -End-

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BILL NO. 1 INTRODUCED BY • VK PIN DO CO ٦ TO ALLOW A CREDIT A BILL FOR AN ACT ENTITLED ACT 4 5 AGAINST MONTANA INDIVIDUAL INCOME TAX FOR CERTAIN EXPENSES 6 INCURRED IN THE CARE OF CERTAIN ELDERLY FAMILY MEMBERS: AND 7 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE." 8

9

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

11 <u>NEW SECTION.</u> Section 1. Credit for expense of caring 12 for certain elderly family members. (1) There is a credit 13 against the tax imposed by this chapter for qualified 14 elderly care expenses paid by an individual for the care of 15 a qualifying family member during the taxable year.

16 (2) A qualifying family member is an individual who:17 (a) is related to the taxpayer by blood or marriage;

18 (b) (i) is at least 70 years of age;

19 (ii) is diagnosed by a physician as having senile20 dementia of the Alzheimer type; or

(iii) is disabled within the meaning of section 216(i)
of the federal Social Security Act, as it read on January 1,
1989; and

24 (c) has a family income of \$15,000 or less for the25 taxable year.



1 (3) For purposes of this section, "family income" 2 means, in the case of an individual who is not married, the 3 adjusted gross income of the individual or, in the case of a 4 married individual, the adjusted gross income of the 5 individual and the individual's spouse.

(4) Qualified elderly care expenses include:

7 (a) payments by the taxpayer for home health agency
8 services provided by an organization certified by the
9 federal health care financing administration, homemaker
10 services, adult day care, respite care, or health-care
11 equipment and supplies:

12 (i) provided to the qualifying family member.

(ii) provided by an organization or individual not
related to the taxpayer or the qualifying family member; and
(iii) not compensated for by insurance or otherwise;

16 (b) subject to the limitations in subsection (4)(a),
17 payments by the taxpayer for nursing home care of an
18 individual who is diagnosed by a physician as having senile

19 dementia of the Alzheimer type.

20 (5) The percentage amount of credit allowable under21 this section is:

(a) for a taxpayer whose adjusted gross income does
not exceed \$25,000, 30% of qualified elderly care expenses;
or

(b) for a taxpayer whose adjusted gross income exceeds

-2- THIRD READING HB 166

1 \$25,000, the greater of:

2 (i) 20% of qualified elderly care expenses; or

3 (ii) 30% of qualified elderly care expenses, less 1%
4 for each \$2,000 or fraction thereof by which the adjusted
5 gross income of the taxpayer for the taxable year exceeds
6 \$25,000.

7 (6) The dollar amount of credit allowable under this8 section is:

9 (a) reduced by \$1 for each dollar of the adjusted 10 gross income over \$50,000 for a taxpayer whose adjusted 11 gross income exceeds \$50,000;

12 (b) limited to \$5,000 per qualifying family member in 13 a taxable year and to \$10,000 total for two or more family 14 members in a taxable year;

15 (c) prorated among multiple taxpayers who each 16 contribute to qualified elderly care expenses of the same 17 qualified family member in a taxable year in the same 18 proportion that their contributions bear to the total 19 qualified elderly care expenses paid by those taxpayers for 20 that qualified family member.

21 (7) A deduction or credit is not allowed under any 22 other provision of this chapter with respect to any amount 23 for which a credit is allowed under this section. The credit 24 allowed under this section may not be claimed as a carryback 25 or carryforward and may not be refunded if the taxpayer has 1 no tax liability.

(8) In the case of a married individual filing a
separate return, the percentage amount of credit under
subsection (5) and the dollar amount of credit under
subsection (6) are limited to one-half of the figures
indicated in those subsections.

NEW SECTION. Section 2. Codification instruction.
8 [Section 1] is intended to be codified as an integral part
9 of Title 15, chapter 30, and the provisions of Title 15,
10 chapter 30, apply to [section 1].

11 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 12 existing authority to make rules on the subject the 13 provisions of [this act] is extended to the provisions of 14 [this act].

15 <u>NEW SECTION.</u> Section 4. Effective date -- retroactive 16 applicability. [This act] is effective on passage and 17 approval and applies retroactively, within the meaning of 18 1-2-109, to taxable years beginning after December 31, 1988. -End-

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-4-

March 22, 1989

MR. PRESIDENT: We, your committee on Taxation, having had under consideration HB 166 (third reading copy -- blue), respectfully report that HB 166 be amended and as so amended be concurred in:

Signed:

Sponsor: Good (Walker)

 Page 1, line 18.
 Following: "age;" Insert: "or"
 Page 1, line 20.
 Strike: "or" Insert: "and"
 Page 1, lines 21 through 23.
 Strike: subsection (iii) in its entirety

AND AS AMENDED BE CONCURRED IN

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Bob Brown, Chairman

SENATE HB 166

HB 0166/02

1 HOUSE BILL NO. 166 1 (c) has a family income of \$15,000 or less for the INTRODUCED BY GOOD, VINCENT, STRIZICH, 2 2 taxable year. GIACOMETTO, REAM, MERCER, WYATT, MOORE, O'CONNELL, 3 3 (3) For purposes of this section, "family income" MCDONOUGH, REHBERG, MCCORMICK, WALKER 4 4 means, in the case of an individual who is not married, the 5 5 adjusted gross income of the individual or, in the case of a 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A CREDIT married individual, the adjusted gross income of the б 7 AGAINST MONTANA INDIVIDUAL INCOME TAX FOR CERTAIN EXPENSES 7 individual and the individual's spouse. 8 INCURRED IN THE CARE OF CERTAIN ELDERLY FAMILY MEMBERS; AND 8 (4) Qualified elderly care expenses include: PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 9 q (a) payments by the taxpayer for home health agency APPLICABILITY DATE." 10 10 services provided by an organization certified by the 11 11 federal health care financing administration, homemaker 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: services, adult day care, respite care, or health-care 12 NEW SECTION. Section 1. Credit for expense of caring 13 equipment and supplies: 13 14 for certain elderly family members. (1) There is a credit 14 (i) provided to the qualifying family member; against the tax imposed by this chapter for qualified (ii) provided by an organization or individual not 15 15 elderly care expenses paid by an individual for the care of 16 related to the taxpayer or the qualifying family member; and 16 17 a qualifying family member during the taxable year. 17 (iii) not compensated for by insurance or otherwise: (b) subject to the limitations in subsection (4)(a), 18 (2) A qualifying family member is an individual who: 18 19 (a) is related to the taxpayer by blood or marriage; 19 payments by the taxpayer for nursing home care of an (b) (i) is at least 70 years of age; OR 20 20 individual who is diagnosed by a physician as having senile 21 (ii) is diagnosed by a physician as having senile 21 dementia of the Alzheimer type. 22 dementia of the Alzheimer type; or AND 22 (5) The percentage amount of credit allowable under 23 23 tiii)-is--disabled-within-the-meaning-of-section-216(i) this section is: 24 24 of-the-federal-Social-Security-Act;-as-it-read-on-January-1; (a) for a taxpayer whose adjusted gross income does 25 1989;-and 25 not exceed \$25,000, 30% of gualified elderly care expenses;

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REFERENCE BILL

HB 166

AS AMENDED

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HB 0166/02

HB 0166/02

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2 (b) for a taxpayer whose adjusted gross income exceeds3 \$25,000, the greater of:

(i) 20% of qualified elderly care expenses; or

5 (ii) 30% of qualified elderly care expenses, less 1%
6 for each \$2,000 or fraction thereof by which the adjusted
7 gross income of the taxpayer for the taxable year exceeds
8 \$25,000.

9 (6) The dollar amount of credit allowable under this10 section is:

11 (a) reduced by \$1 for each dollar of the adjusted 12 gross income over \$50,000 for a taxpayer whose adjusted 13 gross income exceeds \$50,000;

(b) limited to \$5,000 per qualifying family member in
a taxable year and to \$10,000 total for two or more family
members in a taxable year;

17 (c) prorated among multiple taxpayers who each 18 contribute to qualified elderly care expenses of the same 19 qualified family member in a taxable year in the same 20 proportion that their contributions bear to the total 21 qualified elderly care expenses paid by those taxpayers for 22 that qualified family member.

23 (7) A deduction or credit is not allowed under any
24 other provision of this chapter with respect to any amount
25 for which a credit is allowed under this section. The credit

-3-

allowed under this section may not be claimed as a carryback
 or carryforward and may not be refunded if the taxpayer has
 no tax liability.

4 (B) In the case of a married individual filing a 5 separate return, the percentage amount of credit under 6 subsection (5) and the dollar amount of credit under 7 subsection (6) are limited to one-half of the figures 8 indicated in those subsections.

9 <u>NEW SECTION.</u> Section 2. Codification instruction. 10 [Section 1] is intended to be codified as an integral part 11 of Title 15, chapter 30, and the provisions of Title 15, 12 chapter 30, apply to [section 1].

13 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 14 existing authority to make rules on the subject of the 15 provisions of [this act] is extended to the provisions of 16 [this act].

17 <u>NEW SECTION.</u> Section 4. Effective date -- retroactive 18 applicability. [This act] is effective on passage and 19 approval and applies retroactively, within the meaning of 20 1-2-109, to taxable years beginning after December 31, 1988.

-End-

HB 166

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