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INTRODUCED BY

James Foster Marshall *Josh*
Beaudry *Chris* *Groffred* *Trump*

House BILL NO. 480

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A DEDUCTION FROM ADJUSTED GROSS INCOME OR FROM CORPORATE GROSS INCOME EXPENDITURES FOR INORGANIC FERTILIZER PRODUCED AS A BYPRODUCT; AMENDING SECTIONS 15-30-121, 15-32-301, 15-32-302, AND 15-32-303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE 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, including the contributions referred to in 33-15-201(5)(b), and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 are 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;
- (c) one-half of premium payments for medical care as provided in subsection (9);

(2) federal income tax paid within the tax year;

(3) expenses of household and dependent care services as outlined in subsections (3)(a) through (3)(c) and ~~(9)~~ (10) 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 provide self-care because of physical or mental illness; and
 - (iii) a spouse who is unable to provide self-care because of physical or mental illness;
- (b) employment-related expenses incurred for the following services, but only if the expenses are

1 incurred to enable the taxpayer to be gainfully employed:

2 (i) household services that are attributable to the care of the qualifying individual; and

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

4 (c) expenses incurred in maintaining a household if over half of the cost of maintaining the
5 household is furnished by an individual or, if the individual is married during the applicable period, is
6 furnished by the individual and the individual's spouse;

7 (d) the amounts deductible in subsections (3)(a) through (3)(c), subject to the following limitations:

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

10 (ii) expenses for services in the household are deductible under subsection (3)(a) for
11 employment-related expenses only if they are incurred for services in the taxpayer's household, except that
12 employment-related expenses incurred for services outside the taxpayer's household are deductible, but
13 only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent
14 that the expenses incurred during the year do not exceed:

15 (A) \$2,400 in the case of one qualifying individual;

16 (B) \$3,600 in the case of two qualifying individuals; and

17 (C) \$4,800 in the case of three or more qualifying individuals;

18 (e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year
19 during which the expenses are incurred, the amount of the employment-related expenses incurred, to be
20 reduced by one-half of the excess of the combined adjusted gross income over \$18,000;

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

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

23 (ii) if the taxpayer is married during any period of the tax year, employment-related expenses
24 incurred are deductible only if:

25 (A) both spouses are gainfully employed, in which case the expenses are deductible only to the
26 extent that they are a direct result of the employment; or

27 (B) the spouse is a qualifying individual described in subsection (3)(a)(iii);

28 (iii) an individual legally separated from the individual's spouse under a decree of divorce or of
29 separate maintenance may not be considered as married;

30 (iv) the deduction for employment-related expenses must be divided equally between the spouses

1 when filing separately on the same form;

2 (v) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax
3 year and payments made to an individual with respect to whom a deduction is allowable under
4 15-30-112(5) are not deductible as employment-related expenses;

5 (4) in the case of an individual, political contributions determined in accordance with the provisions
6 of section 218(a) and (b) of the Internal Revenue Code that were in effect for the tax year ended December
7 31, 1978;

8 (5) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct
9 allowed as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

10 (6) contributions to the child abuse and neglect prevention program provided for in 41-3-701,
11 subject to the conditions set forth in 15-30-156;

12 (7) one-half of premium payments, except premiums deducted in determining Montana adjusted
13 gross income, for:

14 (a) insurance for medical care made directly by the taxpayer; and

15 (b) long-term care insurance with benefits that meet or exceed the minimum standards as
16 established by the state insurance commissioner; and

17 (8) contributions to the Montana drug abuse resistance education program provided for in
18 44-2-702, subject to the conditions set forth in 15-30-159.

19 (9) For the purpose of subsection (7)(a), deductible medical insurance premiums are those
20 premiums that provide payment for medical care as defined by 26 U.S.C. 213(d).

21 (10) (a) Subject to the conditions of subsection (3), a taxpayer who operates a family day-care
22 home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's
23 own child and at least one unrelated child in the ordinary course of business may deduct
24 employment-related expenses considered to have been paid for the care of the child.

25 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is
26 equal to the amount that the taxpayer charges for the care of a child of the same age for the same number
27 of hours of care. The employment-related expenses apply regardless of whether any expenses actually have
28 been paid. Employment-related expenses may not exceed the amounts specified in subsection (3)(d)(iii).

29 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the
30 deduction under this subsection (10). (Subsection (8) terminates on occurrence of contingency--sec. 12,

1 Ch. 808, L. 1991.)"

2

3 **Section 2.** Section 15-32-301, MCA, is amended to read:

4 **"15-32-301. Purpose.** The purpose of this part is to promote the use of organic matter produced
5 by Montana industries and municipalities and inorganic matter produced as byproducts of industrial or
6 mining activity to revitalize Montana lands and to assist in making organic fertilizer and inorganic fertilizer
7 produced as a byproduct economically competitive with commercially produced inorganic fertilizer."
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9 **Section 3.** Section 15-32-302, MCA, is amended to read:

10 **"15-32-302. Definitions.** As used in this part, the following definitions apply:

11 (1) "Inorganic fertilizer produced as a byproduct" means enriched mine tailings, kiln dust, and reject
12 rock that have been processed for use in increasing soil condition and fertility and includes soil amendments
13 as that term is defined in 80-10-101.

14 (2) "Organic fertilizer" means raw organic matter that has been processed and aged for use in
15 increasing soil condition and fertility, and includes soil amendments as that term is defined in 80-10-101.

16 ~~(2)~~(3) "Raw organic matter" means unprocessed plant or animal waste products."
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18 **Section 4.** Section 15-32-303, MCA, is amended to read:

19 **"15-32-303. Deduction for purchase of Montana produced organic or inorganic fertilizer.** In
20 addition to all other deductions from adjusted gross individual income allowed in computing taxable income
21 under Title 15, chapter 30, or from gross corporate income allowed in computing net income under Title
22 15, chapter 31, part 1, a taxpayer may deduct his expenditures for organic fertilizer and inorganic fertilizer
23 produced as a byproduct produced in Montana and used in Montana if the expenditure was not otherwise
24 deducted in computing taxable income."
25

25

26 **NEW SECTION. Section 5. Effective date -- retroactive applicability.** [This act] is effective on
27 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
28 December 31, 1996.

29

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0480, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing a deduction from adjusted gross income or from corporate gross income expenditures for inorganic fertilizer produced as a byproduct; and providing an immediate effective date and retroactive applicability date.

ASSUMPTIONS:

1. This proposal is effective for tax years beginning after December 31, 1996.
2. Expenditures for inorganic fertilizer produced and used in Montana are deductible provided the expenditures are not used in calculating another deduction for the taxpayer.
3. No new lines on income tax returns or forms will be created so there are no new administrative expenses associated with this proposal.
4. The negative revenue impact for the similar organic fertilizer expenditures deduction is estimated to be minimal for tax year 1995.

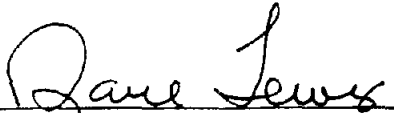
FISCAL IMPACT:

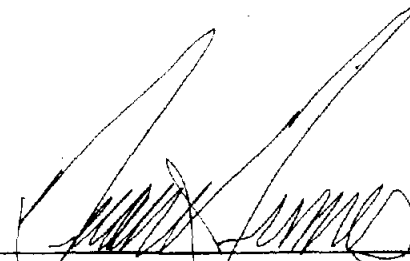
Expenditures:

There are no new administrative expenditures associated with this proposal.

Revenue:

Currently, it is not possible to estimate the reduction of revenue as a result of this proposal. However, given that the reduction of revenue is estimated to be minimal for the organic fertilizer expenditures deduction already in place, it is expected that the revenue impact for this proposal will be minimal as well.

 2-12-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2-12-97
DUANE GRIMES, PRIMARY SPONSOR DATE

Fiscal Note for HB0480, as introduced

HB 480

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House BILL NO. 480

INTRODUCED BY

James Tester *Mark* *Jash*
Beaudry *Chris* *Godfred* *Seungwon*

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(3) expenses of household and dependent care services as outlined in subsections (3)(a) through (3)(c) and ~~(9)~~ (10) 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 provide self-care because of physical or mental illness; and
- (iii) a spouse who is unable to provide self-care because of physical or mental illness;

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- 19 during which the expenses are incurred, the amount of the employment-related expenses incurred, to be
- 20 reduced by one-half of the excess of the combined adjusted gross income over \$18,000;
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- 24 incurred are deductible only if:
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5 (4) in the case of an individual, political contributions determined in accordance with the provisions
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30 deduction under this subsection (10). (Subsection (8) terminates on occurrence of contingency--sec. 12,

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5 by Montana industries and municipalities and inorganic matter produced as byproducts of industrial or
6 mining activity to revitalize Montana lands and to assist in making organic fertilizer and inorganic fertilizer
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House BILL NO. 480
~~James Gustafson~~ ~~Mark~~ ~~Josh~~
~~James~~ ~~Beaudry~~ ~~Chris~~ ~~Goodfield~~ ~~Thompson~~

INTRODUCED BY

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-END-

APPROVED BY COM ON AGRICULTURE,
LIVESTOCK & IRRIGATION

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INTRODUCED BY

James Tester *Marcelo* *Tash*
Beaudry *Chris* *Godfred* *Gregory*

BILL NO. 480

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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, including the contributions referred to in 33-15-201(5)(b), and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 are 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;
- (c) one-half of premium payments for medical care as provided in subsection (9);

(2) federal income tax paid within the tax year;

(3) expenses of household and dependent care services as outlined in subsections (3)(a) through (3)(c) and ~~(9)~~ (10) 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 provide self-care because of physical or mental illness; and
- (iii) a spouse who is unable to provide self-care because of physical or mental illness;

(b) employment-related expenses incurred for the following services, but only if the expenses are

1 incurred to enable the taxpayer to be gainfully employed:

2 (i) household services that are attributable to the care of the qualifying individual; and

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

4 (c) expenses incurred in maintaining a household if over half of the cost of maintaining the
5 household is furnished by an individual or, if the individual is married during the applicable period, is
6 furnished by the individual and the individual's spouse;

7 (d) the amounts deductible in subsections (3)(a) through (3)(c), subject to the following limitations:

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

10 (ii) expenses for services in the household are deductible under subsection (3)(a) for
11 employment-related expenses only if they are incurred for services in the taxpayer's household, except that
12 employment-related expenses incurred for services outside the taxpayer's household are deductible, but
13 only if incurred for the care of a qualifying individual described in subsection (3)(a)(i) and only to the extent
14 that the expenses incurred during the year do not exceed:

15 (A) \$2,400 in the case of one qualifying individual;

16 (B) \$3,600 in the case of two qualifying individuals; and

17 (C) \$4,800 in the case of three or more qualifying individuals;

18 (e) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year
19 during which the expenses are incurred, the amount of the employment-related expenses incurred, to be
20 reduced by one-half of the excess of the combined adjusted gross income over \$18,000;

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

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

23 (ii) if the taxpayer is married during any period of the tax year, employment-related expenses
24 incurred are deductible only if:

25 (A) both spouses are gainfully employed, in which case the expenses are deductible only to the
26 extent that they are a direct result of the employment; or

27 (B) the spouse is a qualifying individual described in subsection (3)(a)(iii);

28 (iii) an individual legally separated from the individual's spouse under a decree of divorce or of
29 separate maintenance may not be considered as married;

30 (iv) the deduction for employment-related expenses must be divided equally between the spouses

1 when filing separately on the same form;

2 (v) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax
3 year and payments made to an individual with respect to whom a deduction is allowable under
4 15-30-112(5) are not deductible as employment-related expenses;

5 (4) in the case of an individual, political contributions determined in accordance with the provisions
6 of section 218(a) and (b) of the Internal Revenue Code that were in effect for the tax year ended December
7 31, 1978;

8 (5) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct
9 allowed as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

10 (6) contributions to the child abuse and neglect prevention program provided for in 41-3-701,
11 subject to the conditions set forth in 15-30-156;

12 (7) one-half of premium payments, except premiums deducted in determining Montana adjusted
13 gross income, for:

14 (a) insurance for medical care made directly by the taxpayer; and

15 (b) long-term care insurance with benefits that meet or exceed the minimum standards as
16 established by the state insurance commissioner; and

17 (8) contributions to the Montana drug abuse resistance education program provided for in
18 44-2-702, subject to the conditions set forth in 15-30-159.

19 (9) For the purpose of subsection (7)(a), deductible medical insurance premiums are those
20 premiums that provide payment for medical care as defined by 26 U.S.C. 213(d).

21 (10) (a) Subject to the conditions of subsection (3), a taxpayer who operates a family day-care
22 home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's
23 own child and at least one unrelated child in the ordinary course of business may deduct
24 employment-related expenses considered to have been paid for the care of the child.

25 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is
26 equal to the amount that the taxpayer charges for the care of a child of the same age for the same number
27 of hours of care. The employment-related expenses apply regardless of whether any expenses actually have
28 been paid. Employment-related expenses may not exceed the amounts specified in subsection (3)(d)(ii).

29 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the
30 deduction under this subsection (10). (Subsection (8) terminates on occurrence of contingency--sec. 12.

1 Ch. 808, L. 1991.)"

2

3 **Section 2.** Section 15-32-301, MCA, is amended to read:

4 "15-32-301. **Purpose.** The purpose of this part is to promote the use of organic matter produced
5 by Montana industries and municipalities and inorganic matter produced as byproducts of industrial or
6 mining activity to revitalize Montana lands and to assist in making organic fertilizer and inorganic fertilizer
7 produced as a byproduct economically competitive with commercially produced inorganic fertilizer."

8

9 **Section 3.** Section 15-32-302, MCA, is amended to read:

10 "15-32-302. **Definitions.** As used in this part, the following definitions apply:

11 (1) "Inorganic fertilizer produced as a byproduct" means enriched mine tailings, kiln dust, and reject
12 rock that have been processed for use in increasing soil condition and fertility and includes soil amendments
13 as that term is defined in 80-10-101.

14 (2) "Organic fertilizer" means raw organic matter that has been processed and aged for use in
15 increasing soil condition and fertility, and includes soil amendments as that term is defined in 80-10-101.

16 ~~(2)(3)~~ "Raw organic matter" means unprocessed plant or animal waste products."

17

18 **Section 4.** Section 15-32-303, MCA, is amended to read:

19 "15-32-303. **Deduction for purchase of Montana produced organic or inorganic fertilizer.** In
20 addition to all other deductions from adjusted gross individual income allowed in computing taxable income
21 under Title 15, chapter 30, or from gross corporate income allowed in computing net income under Title
22 15, chapter 31, part 1, a taxpayer may deduct his expenditures for organic fertilizer and inorganic fertilizer
23 produced as a byproduct produced in Montana and used in Montana if the expenditure was not otherwise
24 deducted in computing taxable income."

25

26 **NEW SECTION.** **Section 5. Effective date -- retroactive applicability.** [This act] is effective on
27 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
28 December 31, 1996.

29

-END-

1 HOUSE BILL NO. 480

2 INTRODUCED BY GRIMES, FOSTER, MASOLO, TASH, JENKINS, BEAUDRY, OHS, GROSFIELD,
3 SWYSGOOD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A DEDUCTION FROM ADJUSTED GROSS INCOME
6 OR FROM CORPORATE GROSS INCOME EXPENDITURES FOR INORGANIC FERTILIZER PRODUCED AS A
7 BYPRODUCT; AMENDING SECTIONS 15-30-121, 15-32-301, 15-32-302, AND 15-32-303, MCA; AND
8 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

11
12 **Section 1.** Section 15-30-121, MCA, is amended to read:

13 **"15-30-121. Deductions allowed in computing net income.** In computing net income, there are
14 allowed as deductions:

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16 and 211 of the Internal Revenue Code of 1954, or as sections 161 and 211 are labeled or amended, subject
17 to the following exceptions, which are not deductible:

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22 (3) expenses of household and dependent care services as outlined in subsections (3)(a) through
23 (3)(c) and ~~(9)~~ (10) and subject to the limitations and rules as set out in subsections (3)(d) through (3)(f),
24 as follows:

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26 for:

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28 (ii) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross
29 income do not apply, who is unable to provide self-care because of physical or mental illness; and
30 (iii) a spouse who is unable to provide self-care because of physical or mental illness;

1 (b) employment-related expenses incurred for the following services, but only if the expenses are
2 incurred to enable the taxpayer to be gainfully employed:

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

5 (c) expenses incurred in maintaining a household if over half of the cost of maintaining the
6 household is furnished by an individual or, if the individual is married during the applicable period, is
7 furnished by the individual and the individual's spouse;

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17 ~~(2)~~(3) "Raw organic matter" means unprocessed plant or animal waste products."

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