

HOUSE BILL NO. 487

INTRODUCED BY N. BALLANTYNE

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A DEDUCTION FOR PREMIUMS FOR MEDICAL CARE INSURANCE FOR TAXPAYERS USING THE STANDARD DEDUCTION FOR INCOME TAX PURPOSES; AMENDING SECTION 15-30-122, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-30-122, MCA, is amended to read:

"15-30-122. Standard deduction. (1) (a) A standard deduction equal to 20% of adjusted gross income is allowed if elected by the taxpayer on a return. ~~The~~ Except as provided in subsection (1)(b), the standard deduction is in lieu of all deductions allowed under 15-30-121. The minimum standard deduction is \$665, as adjusted under the provisions of subsection (2), or 20% of adjusted gross income, whichever is greater, to a maximum standard deduction of \$1,500, as adjusted under the provisions of subsection (2). However, in the case of a single joint return of husband and wife or in the case of a single individual who qualifies to file as a head of household on the federal income tax return, the minimum standard deduction is \$1,330, as adjusted under the provisions of subsection (2), or 20% of adjusted gross income, whichever is greater, to a maximum standard deduction of \$3,000, as adjusted under the provisions of subsection (2). The standard deduction may not be allowed to either the husband or the wife if the tax of one of the spouses is determined without regard to the standard deduction. For purposes of this section, the determination of whether an individual is married must be made as of the last day of the tax year unless one of the spouses dies during the tax year, in which case the determination must be made as of the date of death.

(b) In addition to the amount allowable as a standard deduction, a taxpayer may elect to deduct the entire amount of premium payments made by the taxpayer for insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the taxpayer's spouse, and the taxpayer's dependents.

(2) By November 1 of each year, the department shall multiply both the minimum and the maximum standard deduction for single returns by the inflation factor for that tax year and round the product to the nearest \$10. The minimum and maximum standard deduction for joint returns and qualified head of household returns must be twice the amount of the minimum and maximum standard deduction for single returns. The resulting

1 adjusted deductions are effective for that tax year and must be used in calculating the tax imposed in
2 15-30-103."

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4 NEW SECTION. **Section 2. Applicability.** [This act] applies to tax years beginning after December
5 31, 2003.

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