



SENATE STANDING COMMITTEE REPORT

March 22, 2005

Page 1 of 10

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 276** (first reading copy -- white) **do pass as amended.**

Signed: _____

A handwritten signature in black ink, appearing to read "J. Elliott", written over a horizontal line.

Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, page 1, line 5.

Following: "TAXATION"

Insert: "BEGINNING WITH TAX YEAR 2004"

Strike: "LOCAL GOVERNMENT"

Insert: "BENTONITE"

2. Title, page 1, line 6.

Following: "PRODUCED"

Insert: "BEGINNING WITH TAX YEAR 2005"

Following: "PRODUCED;"

Insert: "EXEMPTING FROM TAXATION THE FIRST 20,000 TONS OF
BENTONITE PRODUCED IN A YEAR;"

3. Title, page 1, line 7.

Following: "PRODUCED;"

Insert: "REQUIRING THE SEMIANNUAL PAYMENT OF THE TAX;"

4. Title, page 1, line 10.

Following: "DISTRIBUTION OF"

Insert: "BENTONITE PRODUCTION"

Strike: "TO COUNTIES AND SCHOOL DISTRICTS"

5. Title, page 1, line 13.

Following: "15-6-208,"

Committee Vote:

Yes 7, No 0.

631213SC.sjo

Insert: "15-23-101,"

Strike: "15-23-103," through "15-23-115,"

6. Page 1, line 19 through page 3, line 3.

Strike: section 1 in its entirety

Insert: "NEW SECTION. **Section 1. Production tax rates imposed on bentonite production.** (1) The production of bentonite is taxed as provided in this section. The tax is distributed as provided in [section 10].

(2) (a) Except as provided in subsection (3), the tax on bentonite is on the gross yield of bentonite produced, measured in tons before crushing and drying, by the owner or operator within the exterior boundaries of an elementary school district. The tax is computed according to the following annual production schedule:

(i) on the first 80,000 tons produced in excess of the amount exempted in subsection (3), \$1.56 a ton;

(ii) on the next 150,000 tons produced, \$1.50 a ton;

(iii) on the next 250,000 tons produced, \$1.40 a ton;

(iv) on the next 500,000 tons produced, \$1.25 a ton;

(v) on production in excess of 1 million tons, \$1 a ton.

(b) For tax years beginning after December 31, 2009, the dollar amounts referred to in the schedule in subsections (2)(a)(i) through (2)(a)(v) must be adjusted by the department by multiplying each dollar amount by the quotient of the PCE for the first quarter of the year previous to the tax year for which the tax is being calculated, divided by the PCE for the first quarter of the 2009 tax year.

(c) For the purposes of this section:

(i) "PCE" has the meaning provided in 15-23-515; and

(ii) "ton" means 2,000 pounds.

(3) The first 20,000 tons produced in a calendar year are exempt from taxation."

Insert: "NEW SECTION. **Section 2. Semiannual payment of tax -- statement -- authority of department.** (1) (a) The bentonite production tax imposed under [section 1] and the tax on royalties under [section 3] must be paid in semiannual installments for the semiannual periods ending, respectively, June 30 and December 31 of each year, and the amount of the tax for each semiannual period must be paid to the department within 45 days after the end of each semiannual period. The owner or operator of the bentonite mine shall pay the production tax and the tax on royalty interests.

(b) Unless otherwise provided in a contract or lease, the pro rata share of any royalty owner must be deducted from any settlements under the lease or leases or division of proceeds orders or contracts.

(2) The owner or operator shall complete on forms prescribed by the department a statement showing:

(a) the name and address of the owner or lessee or operator of the mine, together with the names and addresses of any persons owning or claiming any royalty interest in the mineral product of the mine or the proceeds derived from the sale of products, and the amount or amounts paid or yielded as royalty to each of the persons during the period covered by the statement;

(b) the description and location of the mine or mines;

(c) the number of tons of bentonite extracted, produced, and treated or sold from the mine during the period covered by the statement;

(d) the amount and character of the bentonite and the yield of the bentonite from the mine before crushing and drying, measured in tons, yielded to the person engaged in mining and to each royalty holder, if any, during the period covered by the statement; and

(e) the gross yield of value in dollars and cents.

(3) The statement must be signed by the individual or the president, vice president, treasurer, assistant treasurer, or authorized agent of the association, corporation, joint-stock company, or syndicate making the statement.

(4) The statement must be accompanied by the tax due.

(5) The tax collected under this section must be deposited in the state special revenue fund for distribution as provided in [section 10].

(6) For the purpose of determining compliance with the provisions of [sections 1 through 11], the department is authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to making a determination of the amount of tax due, whether the books, papers, records, or memoranda are the property of or in the possession of the person filing the return or another person. In determining compliance, the department may use statistical sampling and other sampling techniques consistent with generally accepted auditing standards. The department may also:

(a) require the attendance of a person having knowledge or information relevant to a statement;

(b) compel the production of books, papers, records, or memoranda by the person required to attend;

(c) implement the provisions of 15-1-703 if the department determines that the collection of the tax is or may be jeopardized because of delay;

(d) take testimony on matters material to the determination; and

(e) administer oaths or affirmations."

Renumber: subsequent section

7. Page 3, line 6.

Strike: "during the year"

Strike: "1(1)"

Insert: "2"

8. Page 3, line 7.

Following: "owner"

Insert: "and are paid as provided in [section 2]"

9. Page 3, line 7 through line 8.

Strike: "For" on line 7 through "apply." on line 8

10. Page 3, line 10 through line 13.

Strike: section 3 in its entirety

Insert: "NEW SECTION. **Section 4. Examination of statement -- adjustments -- delivery of notices and demands.** (1) If the department determines that the amount of tax due is different from the amount reported, the amount of tax computed on the basis of the examination conducted pursuant to [section 2] constitutes the tax to be paid.

(2) If the tax due exceeds the amount of tax reported as due on the taxpayer's statement, the excess must be paid to the department within 30 days after notice of the amount and demand for payment are mailed or delivered to the person making the statement unless the taxpayer files a timely objection as provided in 15-1-211. If the amount of the tax found due by the department is less than that reported as due on the statement and has been paid, the excess must be credited or, if no tax liability exists or is likely to exist, refunded to the person making the statement.

(3) The notice and demand provided for in this section must contain a statement of the computation of the tax and interest and must be:

(a) sent by mail to the taxpayer at the address given in the taxpayer's statement, if any, or to the taxpayer's last-known address; or

(b) served personally upon the taxpayer.

(4) A taxpayer filing an objection to the demand for payment is subject to and governed by the uniform tax review procedure provided in 15-1-211."

Insert: "NEW SECTION. **Section 5. Penalties and interest for violation.** (1) (a) A person who fails to file a statement as required by [section 2] must be assessed a penalty as provided in 15-1-216. The department may waive the penalty as provided in 15-1-206.

(b) A person who fails to file the statement required by [section 2] and to pay the tax before the due date must be assessed a penalty and interest as provided in 15-1-216. The department may waive any penalty pursuant to 15-1-206.

(2) A person who purposely fails to pay the tax when due must be assessed an additional penalty as provided in

15-1-216(1)(d)."

Insert: "NEW SECTION. Section 6. Authority to collect delinquent taxes. (1) (a) The department shall collect taxes that are delinquent as determined under [sections 1 through 11].

(b) If a tax imposed by [sections 1 through 11] or any portion of the tax is not paid when due, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

(2) In addition to any other remedy, in order to collect delinquent taxes after the time for appeal has expired, the department may direct the offset of tax refunds or other funds that are due to the taxpayer from the state, except wages subject to the provisions of 25-13-614 and retirement benefits.

(3) As provided in 15-1-705, the taxpayer has the right to a review on the tax liability prior to any offset by the department.

(4) The department may file a claim for state funds on behalf of the taxpayer if a claim is required before funds are available for offset."

Insert: "NEW SECTION. Section 7. Interest on deficiency -- penalty. (1) Interest accrues on unpaid or delinquent taxes as provided in 15-1-216. The interest must be computed from the date on which the statement and tax were originally due.

(2) If the payment of a tax deficiency is not made within 60 days after it is due and payable and if the deficiency is due to negligence on the part of the taxpayer but without fraud, the penalty imposed by 15-1-216(1)(c) must be added to the amount of the deficiency."

Insert: "NEW SECTION. Section 8. Limitations. (1) Except in the case of a person who purposely or knowingly, as those terms are defined in 45-2-101, files a false or fraudulent statement violating the provisions of [sections 1 through 11], a deficiency may not be assessed or collected with respect to a tax period for which a statement is filed unless the notice of additional tax proposed to be assessed is mailed to or personally served upon the taxpayer within 5 years from the date on which the statement was filed. For purposes of this section, a statement filed before the last day prescribed for filing is considered to be filed on the last day.

(2) If, before the expiration of the 5-year period prescribed in subsection (1) for assessment of the tax, the taxpayer consents in writing to an assessment after expiration of the 5-year period, a deficiency may be assessed at any time prior to the expiration of the period consented to."

Insert: "NEW SECTION. Section 9. Credit or refund for overpayment -- refund from county -- interest on overpayment. (1) If the department determines that the amount of tax, penalty, or interest due for any semiannual period is less than the amount paid, the amount of the overpayment must be credited against any tax, penalty, or interest then due from the taxpayer and the

balance refunded to the taxpayer or its successor through reorganization, merger, or consolidation or to its shareholders upon dissolution.

(2) (a) The amount of an overpayment credited against any tax, penalty, or interest due for any tax period or any refund or portion of a refund, which has not been distributed pursuant to [section 10], must be withheld from the current distribution made pursuant to [section 10].

(b) If the amount of the refund reduces the amount of tax previously distributed pursuant to [section 10] and if the current distribution, if any, is insufficient to offset the refund, then the department shall demand the amount of the refund from the county to which the tax was originally distributed. The county treasurer shall remit the amount demanded within 30 days of the receipt of notice from the department.

(3) Except as provided in subsection (4), interest must be allowed on overpayments at the same rate as is charged on unpaid taxes provided in 15-1-216 beginning from the due date of the statement or from the date of overpayment, whichever date is later, to the date on which the department approves refunding or crediting of the overpayment.

(4) (a) Interest may not accrue during any period in which the processing of a claim for refund is delayed more than 30 days by reason of failure of the taxpayer to furnish information requested by the department for the purpose of verifying the amount of the overpayment.

(b) Interest is not allowed:

(i) if the overpayment is refunded within 6 months from the date on which the statement is due or from the date on which the statement is filed, whichever is later; or

(ii) if the amount of interest is less than \$1."

Insert: "NEW SECTION. Section 10. Distribution of taxes. (1)

(a) For each semiannual period, the department shall determine the amount of tax, late payment interest, and penalties collected under [sections 1 through 11] from bentonite mines that produced bentonite before January 1, 2005. The tax is distributed as provided in subsections (2) through (12).

(b) For each semiannual period, the department shall determine the amount of tax, late payment interest, and penalties collected under [sections 1 through 11] from bentonite mines that first began producing bentonite after December 31, 2004. The tax is distributed as provided in subsection (13).

(2) For the production of bentonite occurring after December 31, 2004, and before January 1, 2006, the tax determined under subsection (1)(a) is allocated according to the following schedule:

(a) 2.33% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423;

(b) 18.14% to the state general fund to be appropriated for

the purposes of the tax levies as provided in 20-9-331, 20-9-333, and 20-9-360;

(c) 3.35% to Carbon County to be distributed in proportion to current fiscal year mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county and state levies under 20-9-331, 20-9-333, 20-9-360, and 20-25-423; and

(d) 76.18% to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county and state levies under 20-9-331, 20-9-333, 20-9-360, and 20-25-423.

(3) For the production of bentonite occurring after December 31, 2005, and before January 1, 2007, 90% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 10% must be distributed as provided in subsection (13).

(4) For the production of bentonite occurring after December 31, 2006, and before January 1, 2008, 80% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 20% must be distributed as provided in subsection (13).

(5) For the production of bentonite occurring after December 31, 2007, and before January 1, 2009, 70% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 30% must be distributed as provided in subsection (13).

(6) For the production of bentonite occurring after December 31, 2008, and before January 1, 2010, 60% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 40% must be distributed as provided in subsection (13).

(7) For the production of bentonite occurring after December 31, 2009, and before January 1, 2011, 50% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 50% must be distributed as provided in subsection (13).

(8) For the production of bentonite occurring after December 31, 2010, and before January 1, 2012, 40% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 60% must be distributed as provided in subsection (13).

(9) For the production of bentonite occurring after December 31, 2011, and before January 1, 2013, 30% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 70% must be distributed as provided in subsection (13).

(10) For the production of bentonite occurring after December 31, 2012, and before January 1, 2014, 20% of the tax determined under subsection (1) (a) must be distributed as provided in subsection (2) and 80% must be distributed as

provided in subsection (13).

(11) For the production of bentonite occurring after December 31, 2013, and before January 1, 2015, 10% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 90% must be distributed as provided in subsection (13).

(12) For the production of bentonite occurring in tax years beginning after December 31, 2014, 100% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (13).

(13) For the production of bentonite, 100% of the tax determined under subsection (1)(b) and the distribution percentages determined under subsections (3) through (12) are allocated according to the following schedule:

(a) 1.30% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 20-25-423;

(b) 20.75% to the state general fund to be appropriated for the purposes of the tax levies as provided in 20-9-331, 20-9-333, and 20-9-360;

(c) 77.95% to the county in which production occurred to be distributed in proportion to current fiscal year mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county and state levies under 15-10-107, 20-9-331, 20-9-333, 20-9-360, and 20-25-423.

(14) The department shall remit the amounts to be distributed in this section to the county treasurer by the following dates:

(a) On or before October 1 of each year, the department shall remit the county's share of bentonite production tax payments received for the semiannual period ending June 30 of the current year to the county treasurer.

(b) On or before April 1 of each year, the department shall remit the county's share of bentonite production tax payments received to the county treasurer for the semiannual period ending December 31 of the previous year.

(15) (a) The department shall also provide to each county the amount of gross yield of value from bentonite, including royalties, for the previous calendar year. Thirty-three and one-third percent of the gross yield of value must be treated as taxable value for county classification purposes under 7-1-2111 and for determining school district debt limits under 20-9-406.

(b) The percentage amount of the gross yield of value determined under subsection (15)(a) must be treated as assessed value under 15-8-111 for the purposes of local government debt limits and other bonding provisions as provided by law."

Insert: "NEW SECTION. Section 11. Administration -- rules.
The department shall:

(1) administer and enforce the provisions of [sections 1 through 11];

(2) cause to be prepared and distributed forms and

information that may be necessary to administer the provisions of [sections 1 through 11]; and

(3) adopt rules that may be necessary or appropriate to administer and enforce the provisions of [sections 1 through 11]."

Renumber: subsequent sections

11. Page 4, line 2 through page 5, line 9.

Strike: section 6 through section 8 in their entirety

"Section 14. Section 15-23-101, MCA, is amended to read:

"15-23-101. Properties centrally assessed. The department shall centrally assess each year:

(1) the railroad transportation property of railroads and railroad car companies operating in more than one county in the state or more than one state;

(2) property owned by a corporation or other person operating a single and continuous property operated in more than one county or more than one state, including but not limited to telegraph, telephone, microwave, and electric power or transmission lines; natural gas or oil pipelines; canals, ditches, flumes, or like properties and including, if congress passes legislation that allows the state to tax property owned by an agency created by congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public agency created by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not including rural electric cooperatives;

(3) all property of scheduled airlines;

(4) the net proceeds of mines, except bentonite mines;

(5) the gross proceeds of coal mines; and

(6) property described in subsections (1) and (2) that is subject to the provisions of Title 15, chapter 24, part 12."

Renumber: subsequent sections

12. Page 5, line 22.

Strike: "3"

Insert: "11"

13. Page 7.

Following: line 1

Insert: "NEW SECTION. Section 17. Transition. (1) For property tax purposes, mill levies imposed in 2004 on bentonite production occurring in tax year 2003 for fiscal year 2005 are generally payable in November 2004 and May 2005.

(2) Notwithstanding any other provision of [this act], an owner or operator of a bentonite mine shall file the statement required by 15-23-502 at the time specified in 15-23-103 for tax

year 2004."

Renumber: subsequent section

14. Page 7, line 3.

Strike: "3"

Insert: "11"

15. Page 7, line 4.

Following: the first "Title 15,"

Strike: "chapter 23,"

Following: the second "Title 15"

Strike: ", chapter 23,"

16. Page 7, line 5.

Strike: "3"

Insert: "11"

17. Page 7.

Following: line 5

Insert: "NEW SECTION. Section 19. Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act]."

Renumber: subsequent sections

18. Page 7, line 9.

Following: "applicability."

Insert: "(1)"

Strike: "This act"

Insert: "Sections 1 through 11"

Strike: "applies"

Insert: "apply"

19. Page 7.

Following: line 10

Insert: "(2) [Sections 12 through 16] apply to bentonite production occurring after December 31, 2003."

- END -



SENATE STANDING COMMITTEE REPORT

March 22, 2005

Page 1 of 4

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 303** (first reading copy -- white) **do pass as amended.**

Signed: _____


Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, line 5 through line 6.

Strike: "FOR" on line 5 through "PURPOSES" on line 6

Strike: "15-30-111"

Insert: "15-30-121"

2. Page 1, line 11 through page 5, line 26.

Strike: everything after the enacting clause

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

"15-30-121. **Deductions allowed in computing net income.** (1)

In computing net income, there are allowed as deductions:

(a) 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, 26 U.S.C. 161 and 211, subject to the following exceptions, which are not deductible:

(i) items provided for in 15-30-123;

(ii) state income tax paid;

(iii) ~~premium payments for medical care~~ expenses as provided in subsection (1)(g) ~~(i)~~; and

~~(iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii); and~~

~~(v)~~ (iv) a charitable contribution using a charitable gift annuity unless the annuity is a qualified charitable gift annuity as defined in 33-20-701;

(b) federal income tax paid within the tax year, not to exceed \$5,000 for each taxpayer filing singly, head of household, or married filing separately or \$10,000 if married and filing

Committee Vote:

Yes 7, No 4.

631214SC.sjo

jointly;

(c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as follows:

(i) expenses for household and dependent care services necessary for gainful employment incurred for:

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

(B) 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

(C) a spouse who is unable to provide self-care because of physical or mental illness;

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

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

(B) care of an individual who qualifies under subsection (1)(c)(i);

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

(iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

(A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during the year only to the extent that the expenses do not exceed \$4,800;

(B) expenses for services in the household are deductible under subsection (1)(c)(i) for employment-related expenses only if they are incurred for services in the taxpayer's household, except that employment-related expenses incurred for services outside the taxpayer's household are deductible, but only if incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that the expenses incurred during the year do not exceed:

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

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

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

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

(vi) for purposes of this subsection (1)(c):

(A) married couples shall file a joint return or file

separately on the same form;

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

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

(II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

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

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

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

(d) in the case of an individual, political contributions determined in accordance with the provisions of section 218(a) and (b) of the Internal Revenue Code of 1954 (now repealed) that were in effect for the tax year that ended December 31, 1978;

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

(f) contributions to the child abuse and neglect prevention program provided for in 52-7-101, subject to the conditions set forth in 15-30-156;

(g) the entire amount of premium payments made by the taxpayer for medical care expenses, as defined in section 213(d) of the Internal Revenue Code, 26 U.S.C. 213(d), except premiums deducted in determining Montana adjusted gross income, or for which a credit was claimed under 15-30-128, ~~for:~~

~~(i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer, and~~

~~(ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified long-term care services, as defined in 26 U.S.C. 7702B(c), for:~~

~~(A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or~~

~~(B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer for tax years beginning after December 31, 1996;~~

(h) light vehicle registration fees, as provided for in 61-3-560 through 61-3-562, paid during the tax year; and

(i) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209, 81-7-118, or 81-7-201.

(2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child and at least one unrelated child in the ordinary course of business may deduct employment-related expenses considered to have been paid for the care of the child.

(b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours of care. The employment-related expenses apply regardless of whether any expenses actually have been paid. Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).

(c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the deduction under this subsection (2)."

Insert: "NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval."

Insert: "NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2004."

- END -



SENATE STANDING COMMITTEE REPORT

March 22, 2005

Page 1 of 1

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 406** (first reading copy -- white) **do pass as amended.**

Signed: _____

A handwritten signature in cursive script, appearing to read "J. Elliott", written over a horizontal line.

Senator Jim Elliott, Chair

And, that such amendments read:

1. Page 3, line 23.

Strike: "\$1,000"

Insert: "\$500"

2. Page 4, line 11.

Strike: "\$1,000"

Insert: "\$500"

- END -

Committee Vote:

Yes 7, No 0.

631215SC.sjo



SENATE STANDING COMMITTEE REPORT

March 22, 2005

Page 1 of 1

Mr. President:

We, your committee on **Taxation** recommend that **Senate Bill 323** (first reading copy - white) do pass as amended.

Signed: _____

A handwritten signature in black ink, appearing to read "J. Elliott", written over a horizontal line.

Senator Jim Elliott, Chair

And, that such amendments read:

1. Title, line 4.

Strike: "2-YEAR CARRYBACK AND A 7-YEAR"

Insert: "5-YEAR"

2. Page 1, line 17 through line 18.

Strike: "carryback" on line 17 through "as a" on line 18

3. Page 1, line 19.

Strike: "7"

Insert: "5"

- END -

Committee Vote:

Yes 7, No 1.

631216SC.sjo

**MONTANA STATE SENATE
2005 LEGISLATURE**

ROLL CALL VOTE

TAXATION

DATE 3-22-05 BILL NO. SB 303 NUMBER 1

MOTION SB 303: Do Pass, Toole

NAME	AYE	NO
SEN. JIM ELLIOTT (D), CHAIRMAN	✓	
SEN. KEN TOOLE (D), VICE CHAIRMAN	✓	
SEN. JERRY BLACK (R)		✓
SEN. JON ELLINGSON (D)	(✓)	
SEN. JEFF ESSMANN (R)		✓
SEN. KELLY GEBHARDT (R)	✓	
SEN. KIM GILLAN (D)		✓
SEN. DAN HARRINGTON (D)	✓	
SEN. SAM KITZENBERG (R)	✓	
SEN. TRUDI SCHMIDT (D)	(✓)	
SEN. ROBERT STORY (R)		(✓)
<i>Total</i>	<i>7</i>	<i>4</i>

Ellingson

PROXY VOTE

I, the undersigned, hereby authorize Senator Toole to

vote my proxy on any issue before the Senate Tax

Committee held on March 22, 2005.

Jim Ellingson
SENATOR
STATE OF MONTANA

Schmidt

PROXY VOTE

I, the undersigned, hereby authorize Senator Gillan to

vote my proxy on any issue before the Senate Tax

Committee held on March 22, 2005.

Schmidt

SENATOR
STATE OF MONTANA

Story

PROXY VOTE

I, the undersigned, hereby authorize Senator Essmann to

vote my proxy on any issue before the Senate Tax

Committee held on March 22, 2005.



SENATOR
STATE OF MONTANA

DATE 3-22-05

BILL NO. SB 406

Amendments to Senate Bill No. 406
1st Reading Copy

Requested by Senator Jim Elliott

For the Senate Taxation Committee

Prepared by Lee Heiman
March 22, 2005 (7:47am)

1. Page 3, line 23.

Strike: "\$1,000"

Insert: "\$500"

2. Page 4, line 11.

Strike: "\$1,000"

Insert: "\$500"

- END -