



AN ACT RELATING TO HIGH-DEDUCTIBLE HEALTH INSURANCE PLANS AND EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENTS; PROVIDING VARIOUS TAX INCENTIVES; IMPOSING DUTIES ON THE COMMISSIONER OF INSURANCE; PROVIDING RULEMAKING AUTHORITY TO THE COMMISSIONER OF INSURANCE; ALLOWING AN INCOME TAX CREDIT FOR CERTAIN EMPLOYER CONTRIBUTIONS TO HIGH-DEDUCTIBLE HEALTH INSURANCE PREMIUMS AND HEALTH REIMBURSEMENT ARRANGEMENT-ONLY PLANS; ALLOWING A REDUCTION IN ADJUSTED GROSS INCOME TO CERTAIN TAXPAYERS FOR HEALTH REIMBURSEMENT ARRANGEMENT-ONLY BENEFITS AND HIGH-DEDUCTIBLE HEALTH INSURANCE PREMIUMS; PROVIDING RULEMAKING AUTHORITY TO THE DEPARTMENT OF REVENUE; AMENDING SECTIONS 15-30-2110 AND 15-30-2131, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE.

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

Section 1. Short title. [Sections 1 through 3] may be cited as the "Affordable High-Deductible Health Insurance Plan Act".

Section 2. Purpose. It is the intent of the legislature to encourage the offering of affordable high-deductible health plans and health reimbursement arrangement-only plans with the specific intent of reaching many otherwise uninsured citizens of this state and the general intent of creating affordable comprehensive health insurance for all citizens of this state.

Section 3. Duties of commissioner -- rulemaking authority. (1) The commissioner may encourage and promote the marketing of high-deductible health plans by disability insurance insurers in this state. However, nothing in this section may be construed to authorize the sale of insurance in violation of the requirements of law relating to the transaction of insurance in this state or prohibiting the interstate sale of insurance.

(2) The commissioner may conduct a national study of high-deductible health plans available in other

states and determine if and how these products serve the uninsured and whether they should be made available to the citizens of this state.

(3) The commissioner may develop an automatic or expedited approval process for high-deductible health plans already approved under the laws of this state or other states.

(4) For the purpose of [section 2] and this section, "high-deductible health plan" has the meaning provided in [section 5].

(5) The commissioner may adopt rules regarding the implementation of [sections 1 through 3], including rules regarding the design, promotion, advertisements and solicitations, expedited review of standardized policies, and regulation of high-deductible health plans.

Section 4. Employer tax credit for high-deductible health insurance premiums and health reimbursement arrangement-only plan contributions. There is a credit against the taxes imposed by this chapter for eligible employers for certain qualified health insurance expenses paid by the employer for coverage of qualifying employees. The credit must be computed and administered as provided in [section 5].

Section 5. Employer tax credit for high-deductible health insurance premiums and health reimbursement arrangement-only plan contributions. (1) (a) Subject to the provisions of this section, there is a credit against the tax imposed by this chapter for qualified health insurance expenses paid by an employer for qualifying employees during the tax year.

(b) The amount of the credit an employer may claim is limited to \$250 for each qualifying employee and is not available to an employer with more than 50 qualifying employees. An employer is not eligible for the credit if a high-deductible health plan or health reimbursement arrangement-only plan is not made available to all qualifying employees pursuant to the applicable provisions of section 125 of the Internal Revenue Code, 26 U.S.C. 125, regarding nondiscrimination in favor of highly compensated individuals or participants.

(2) A qualifying employee means a Montana resident employed directly by the employer.

(3) "Qualified health insurance expenses" means expenses:

(a) (i) incurred by the employer for the employer's share of the cost of a high-deductible health plan and for contributions to the employee health savings accounts; or

(ii) incurred by the employer for contributions to health reimbursement arrangement-only plans;

(b) of at least \$250 annually; and

(c) paid for 12 consecutive months.

(4) The credit allowed under this section may not be claimed as a carryback and may not exceed the employer's tax liability under chapter 30 or this chapter. The credit allowed under this section may be used as a carryforward against the taxes imposed by chapter 30 or this chapter for 5 succeeding tax years.

(5) An exclusion, deduction, or credit is not allowed under any other provision of chapter 30 or this chapter with respect to any amount for which a credit is allowed under this section. This section does not prevent an employer from claiming an exclusion, deduction, or credit for qualified health insurance expenses that exceed the amount for which the credit is allowed under this section.

(6) If the credit allowed under this section is claimed by a small business corporation, as defined in 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss for Montana income tax purposes.

(7) For the purpose of determining eligibility for the tax credit provided in this section, the following definitions apply:

(a) "Employee health savings accounts" means a health savings account, as defined in section 223 of the Internal Revenue Code, 26 U.S.C. 223.

(b) "Health reimbursement arrangement-only plan" means a qualified small employer health reimbursement arrangement, as defined in section 9831 of the Internal Revenue Code, 26 U.S.C. 9831, that is not sold in connection with or packaged with health insurance coverage.

(c) "High-deductible health plan" means a health plan with an annual deductible of not less than a specific amount under the Internal Revenue Code and has the same meaning as a high-deductible health plan, as defined in section 223 of the Internal Revenue Code, 26 U.S.C. 223.

(d) "Montana resident" means a resident as defined in 15-30-2101.

(8) The department may adopt rules, prepare forms, maintain records, and perform other duties necessary to implement this section.

Section 6. Section 15-30-2110, MCA, is amended to read:

"15-30-2110. Adjusted gross income. (1) Subject to subsection ~~(14)~~ (15), adjusted gross income is the taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62, and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana

under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a reduction of Montana income tax liability as determined under subsection ~~(15)~~ (16);

(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

(d) depreciation or amortization taken on a title plant as defined in 33-25-105;

(e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the amount recovered reduced the taxpayer's Montana income tax in the year deducted;

(f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution of the same estate or trust for the same tax period; and

(g) except for exempt-interest dividends described in subsection (2)(a)(ii), the amount of any dividend to the extent that the dividend is not included in federal adjusted gross income.

(2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not include the following, which are exempt from taxation under this chapter:

(a) (i) all interest income from obligations of the United States government, the state of Montana, or a county, municipality, district, or other political subdivision of the state and any other interest income that is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

(b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

(c) (i) except as provided in subsection (2)(c)(ii) and subject to subsection ~~(16)~~ (17), the first \$4,070 of all pension and annuity income received as defined in 15-30-2101;

(ii) subject to subsection ~~(16)~~ (17), for pension and annuity income described under subsection (2)(c)(i), as follows:

(A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in excess of \$33,910 as shown on the taxpayer's return;

(B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$33,910 as shown on their joint return;

(d) all Montana income tax refunds or tax refund credits;

(e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

(f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage, or lodging;

(g) all benefits received under the workers' compensation laws;

(h) all health insurance premiums paid by an employer for an employee if attributed as income to the employee under federal law;

(i) all money received because of a settlement agreement or judgment in a lawsuit brought against a manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";

(j) principal and income in a medical care savings account established in accordance with 15-61-201 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;

(k) principal and income in a first-time home buyer savings account established in accordance with 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase of a single-family residence;

(l) contributions or earnings withdrawn from a family education savings account or from a qualified tuition program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified higher education expenses, as defined in 15-62-103, of a designated beneficiary;

(m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

(n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution of the same estate or trust for the same tax period;

(o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch

risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction is not provided for federal income tax purposes;

(p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and taxpayer meet the filing requirements in 15-30-2602.

(q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;

(r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero;

(s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in 15-31-163; ~~and~~

(t) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to 15-30-3104; and

(u) all benefits received by an employee from a health reimbursement arrangement-only plan, as defined in [section 5], if the benefits were used for medical care, as defined by 26 U.S.C. 213(d), or insurance for medical care for the employee or the employee's spouse or dependents, and attributed as income to the employee under federal law.

(3) A shareholder of a DISC that is exempt from the corporate income tax under 15-31-102(1)(l) shall include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election is effective.

(4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries were used to compute the credit. In the case of a partnership or small business corporation, the deduction must be made to determine the amount of income or loss of the partnership or small business corporation.

(5) Married taxpayers filing a joint federal return who are required to include part of their social security benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement benefits when they file separate Montana income tax returns. The federal base must be split equally on the Montana return.

(6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and who file separate Montana income tax returns are not required to recompute allowable passive losses according to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C. 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

(9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross income.

(b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross income.

(10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted

gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting or expected to last at least 12 months.

(11) (a) An individual who contributes to one or more accounts established under the Montana family education savings program or to a qualified tuition program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce adjusted gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection applies only with respect to contributions to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions that reduced adjusted gross income.

(b) Contributions made pursuant to this subsection (11) are subject to the recapture tax provided in 15-62-208.

(12) (a) An individual who contributes to one or more accounts established under the Montana achieving a better life experience program or to a qualified program established and maintained by another state as provided by section 529A(e)(7) of the Internal Revenue Code, 26 U.S.C. 529A(e)(7), may reduce adjusted gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat one-half of the total contributions made by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection (12)(a) applies only with respect to contributions to an account for which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions that reduced adjusted gross income.

(b) Contributions made pursuant to this subsection (12) are subject to the recapture tax provided in 53-25-118.

(13) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection (13)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:

- (i) is a health care professional licensed in Montana as provided in Title 37;
- (ii) is serving a significant portion of a designated geographic area, special population, or facility

population in a federally designated health professional shortage area, a medically underserved area or population, or a federal nursing shortage county as determined by the secretary of health and human services or by the governor;

(iii) has had a student loan incurred as a result of health-related education; and

(iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment program described in subsection (13)(b) as an incentive to practice in Montana.

(b) For the purposes of subsection (13)(a), a loan repayment program includes a federal, state, or qualified private program. A qualified private loan repayment program includes a licensed health care facility, as defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility as a licensed health care professional.

(14) A taxpayer may reduce adjusted gross income by the entire amount of premium payments made by the taxpayer for a high-deductible health plan, as defined in [section 5], that provides coverage for the taxpayer or the taxpayer's spouse or dependents to the extent that the premiums were not deducted in calculating federal adjusted gross income.

~~(14)~~(15) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40% of capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.

~~(15)~~(16) A refund received of federal income tax referred to in subsection (1)(b) must be allocated in the following order as applicable:

(a) to federal income tax in a prior tax year that was not deducted on the state tax return in that prior tax year;

(b) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year but did not result in a reduction in state income tax liability in that prior tax year; and

(c) to federal income tax in a prior tax year that was deducted on the state tax return in that prior tax year and that reduced the taxpayer's state income tax liability in that prior tax year.

~~(16)~~(17) By November 1 of each year, the department shall multiply the amount of pension and annuity income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii) by the inflation factor for the following tax year, rounded to the nearest \$10. The resulting amounts are effective for that following tax year and must be used as the basis for the exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001; subsection (2)(t) terminates December 31, 2023--sec.

33, Ch. 457, L. 2015.)"

Section 7. Section 15-30-2131, MCA, is amended to read:

"15-30-2131. 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 15-30-2133;
- (ii) state income tax paid;
- (iii) premium payments for medical care as provided in subsection (1)(g)(i);
- (iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii); ~~and~~
- (v) a charitable contribution using a charitable gift annuity unless the annuity is a qualified charitable gift annuity as defined in 33-20-701; and

(vi) medical care benefits deducted in determining Montana adjusted gross income under 15-30-2110(2)(u);

(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 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 15-30-2114(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 15-30-2114(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 15-30-2143;

(g) the entire amount of premium payments made by the taxpayer, except premiums deducted in determining Montana adjusted gross income, or for which a credit was claimed under 15-30-2366, 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 61-3-321(2) and 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)."

Section 8. Codification instruction. (1) [Sections 1 through 3] are intended to be codified as an integral

part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to [sections 1 through 3].

(2) [Section 4] 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 4].

(3) [Section 5] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [section 5].

Section 9. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Sections 4 through 7] are effective January 1, 2019.

Section 10. Applicability. [Sections 4 through 7] apply to tax years beginning after December 31, 2018.

- END -

I hereby certify that the within bill,
SB 0345, originated in the Senate.

President of the Senate

Signed this _____ day
of _____, 2017.

Secretary of the Senate

Speaker of the House

Signed this _____ day
of _____, 2017.

SENATE BILL NO. 345

INTRODUCED BY C. SMITH, D. ANKNEY, N. BALLANCE, B. BEARD, S. BERGLEE, M. BLASDEL,
R. BRODEHL, D. BROWN, E. BUTTREY, P. CONNELL, R. EHLI, J. ESSMANN, J. FIELDER,
S. FITZPATRICK, W. GALT, T. GAUTHIER, B. GRUBBS, B. HARRIS, G. HERTZ, S. HINEBAUCH,
J. HINKLE, B. HOVEN, D. HOWARD, L. JONES, D. KARY, B. KEENAN, J. KNOKEY, A. KNUDSEN,
M. LANG, S. LAVIN, F. MOORE, D. MORTENSEN, A. OLSZEWSKI, R. OSMUNDSON, J. PATELIS,
A. REDFIELD, K. REGIER, M. REGIER, V. RICCI, A. ROSENDALE, D. SALOMON, R. SHAW, D. SKEES,
J. SMALL, N. SWANDAL, F. THOMAS, B. USHER, G. VANCE, S. VINTON, K. WAGONER, R. WEBB,
D. ZOLNIKOV, L. SHELDON-GALLOWAY

AN ACT RELATING TO HIGH-DEDUCTIBLE HEALTH INSURANCE PLANS AND EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENTS; PROVIDING VARIOUS TAX INCENTIVES; IMPOSING DUTIES ON THE COMMISSIONER OF INSURANCE; PROVIDING RULEMAKING AUTHORITY TO THE COMMISSIONER OF INSURANCE; ALLOWING AN INCOME TAX CREDIT FOR CERTAIN EMPLOYER CONTRIBUTIONS TO HIGH-DEDUCTIBLE HEALTH INSURANCE PREMIUMS AND HEALTH REIMBURSEMENT ARRANGEMENT-ONLY PLANS; ALLOWING A REDUCTION IN ADJUSTED GROSS INCOME TO CERTAIN TAXPAYERS FOR HEALTH REIMBURSEMENT ARRANGEMENT-ONLY BENEFITS AND HIGH-DEDUCTIBLE HEALTH INSURANCE PREMIUMS; PROVIDING RULEMAKING AUTHORITY TO THE DEPARTMENT OF REVENUE; AMENDING SECTIONS 15-30-2110 AND 15-30-2131, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE.