

HOUSE BILL NO. 184

INTRODUCED BY C. SMITH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR HEALTH CARE TAX RELIEF AND EQUITY;  
5 ALLOWING AN INDIVIDUAL INCOME TAX CREDIT FOR CERTAIN HEALTH CARE EXPENSES FOR AN A  
6 RESIDENT INDIVIDUAL AND FAMILY MEMBERS COVERED BY INDIVIDUAL INSURANCE COVERAGE;  
7 PROVIDING THAT HEALTH CARE EXPENSES INCLUDE HEALTH INSURANCE PREMIUM PAYMENTS FOR  
8 INDIVIDUAL INSURANCE COVERAGE; PROHIBITING A CREDIT FOR EXPENSES THAT ARE PAID BY AN  
9 EMPLOYER AND NOT REPORTED AS INCOME OR ARE OTHERWISE REIMBURSED OR SUBJECT TO  
10 OTHER TAX BENEFITS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE  
11 APPLICABILITY DATE."

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

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15 NEW SECTION. Section 1. Short title. [Sections 1 and 2] may be cited as the "Health Care Tax Relief  
16 and Equity Act".

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18 NEW SECTION. Section 2. Credit for expense of health care for family members. (1)(a) There is  
19 a credit against the tax imposed by this chapter for qualified health care expenses paid DURING THE TAX YEAR by  
20 ~~an~~ A RESIDENT individual for the care of the individual and qualifying family members ~~during the tax year~~ WHEN THE  
21 INDIVIDUAL AND FAMILY MEMBERS ARE COVERED BY AN INDIVIDUAL INSURANCE POLICY THAT IS NOT PART OF A GROUP OR  
22 BLANKET POLICY.

23 (b) The amount of the credit is ~~equal to 7% of~~ BASED ON the amount of qualifying health care expenses  
24 allowed the claimant and the claimant's qualifying family members ACCORDING TO THE FOLLOWING SCHEDULE:

- 25 (i) 2.33% IN TAX YEAR 2011;
- 26 (ii) 4.66% IN TAX YEAR 2012; AND
- 27 (iii) 7% IN SUBSEQUENT TAX YEARS.

28 (c) The credit allowed under this section may not be claimed as a carryback or carryforward and may  
29 not be refunded if the taxpayer has no tax liability.

30 (d) In the case of a married individual filing a separate return, the amount of the credit is limited to



1 one-half of the amount calculated under subsection (1)(b).

2 (2) A qualifying family member is ~~an~~ A RESIDENT individual who is the claimant's spouse or dependent.

3 (3) A qualifying health care expense is an expense that is incurred for medical care, including insurance

4 premium payments FOR INDIVIDUAL COVERAGE, as defined by 26 U.S.C. 213(d), other than an expense that was:

5 (a) reimbursed by insurance or from any other source;

6 (b) paid by an employer and not reported as income; or

7 (c) paid by funds that were subject to a tax benefit under the provisions of:

8 (i) a health care expense trust account under 2-18-1304;

9 (ii) the tax credit for insurance premiums paid by eligible small employers who are individuals under  
10 15-30-2368;

11 (iii) a medical care savings account under Title 15, chapter 61; or

12 (iv) any other law that allows an exclusion, deduction, or credit for the qualifying health care expense  
13 allowed the claimant.

14 (4) FOR THE PURPOSES OF SUBSECTION (3), "INSURANCE PREMIUM PAYMENTS FOR INDIVIDUAL COVERAGE"  
15 MEANS PAYMENTS MADE SOLELY BY THE CLAIMANT FOR HEALTH INSURANCE COVERAGE FOR THE CLAIMANT AND THE  
16 CLAIMANT'S QUALIFYING FAMILY MEMBERS FOR INDIVIDUAL POLICIES THAT ARE NOT A PART OF ANY GROUP OR BLANKET  
17 POLICY.

18 ~~(4)(5)~~ A deduction or credit is not allowed under any other provision of chapter 31 or this chapter with  
19 respect to any amount for which a credit is allowed under this section.

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21 NEW SECTION. Section 3. Codification instruction. [Section 2] is intended to be codified as an  
22 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section  
23 2].

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25 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

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27 NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the  
28 meaning of 1-2-109, to tax years beginning after December 31, 2010.

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