

New State Legislation: Opportunities for Collaboration

Marsha A. Goetting

Abstract

Collaborations can provide opportunities for increased visibility and effectiveness of Extension programs. This article describes how the Extension Family Economics Program at Montana State University has networked with state agencies and other professional organizations to inform citizens about new state laws that have an impact on family finances.

Introduction

The Cooperative Extension System has a history of networking since its inception in 1914 as a result of the Smith-Lever Act (United States Department of Agriculture 1994). Extension professionals have been encouraged to collaborate with local, state, and federal agencies (Horton, Nelson, and Anderson, 1988). Decreased funding over the past two decades has resulted in national initiatives linkages with private industry and businesses, commodity and interest groups, professional organizations, and advisory groups (Johnsrud and Rauschkolb 1988). Internal and external partnerships have been encouraged in the base programs delivered through the Cooperative Extension System (United States Department of Agriculture 1994).

Regardless of the term used -- networking, collaboration, partnerships, or linkages -- all provide opportunities for increased visibility and effectiveness of Extension programs (Boldt 1992). Another benefit is that collaborations can result in additional funding from the partners for Extension programs.

In Montana there has been an established tradition of involving appropriate state agencies and professional organizations in the review of Extension family economics educational materials that include legal information. While this article describes collaborations that focus on legislation specific to Montana, Extension educators in other states with similar laws could adapt the partnership approach in their communities.

Homestead declaration

In 1997 the Montana Legislature increased the homestead declaration limit from \$40,000 to \$60,000. This new law provided an opportunity for the Montana State University (MSU) Extension Service to develop a MontGuide (fact sheet) to alert Montanans that up to \$60,000 in value of their homes could be protected against most creditors' claims. By signing a legal document known as a homestead declaration, for example, a wife whose husband incurred an overwhelming gambling debt, was able to shelter up to \$60,000 in value of their home.

The four-page MontGuide, *Using a Homestead Declaration to Protect Your Home from Creditors*, was reviewed for legal accuracy by professionals from the Office on Aging (Department of Public Health and Human Service) and the Business, Estates, Trusts, Tax and Real Property Section of the State Bar of Montana.

The MontGuide is recommended by county clerks and recorders because it contains the legal forms for a declaration of homestead and a declaration of homestead abandonment. More than 3,000 copies of the fact sheet were distributed in 1999 as a result of nineteen newspapers publishing an article on the topic. The MontGuide is available on the MSU Extension Web site: <http://www.montana.edu/wwwpb/pubs/mt9815.html>

Medical care savings accounts (MSA)

The passage of the Montana Medical Care Savings Account Act in 1996 and subsequent amendments in 1997 and 1999 provided a second opportunity for MSU Extension to collaborate with state agencies and professional organizations. Two members of the Montana Department of Revenue and the MSU Extension Family Economics specialist coauthored a four-page MontGuide entitled *Montana Medical Care Savings Accounts (MSAs)*. The goal was to inform citizens that they could save money for medical expenses and long-term health care and reduce Montana income taxes at the same time by opening an MSA.

Money placed in an MSA is not subject to Montana income tax if left in the account or used for eligible medical expenses for the account holder or his or her dependents. The maximum amount that can be used to reduce Montana taxable income is limited to \$3,000 annually for each taxpayer. A single taxpayer in the 11 percent tax bracket could save \$330 in Montana income taxes by establishing an MSA.

The MontGuide was reviewed by representatives from the Montana Credit Union Network. The Montana Department of Revenue and Montana Credit Union Network provided partial funding to pay for printing of the publication. The MontGuide is distributed through the Network,

Department of Revenue, and Extension. It is also used as a handout during educational meetings presented by county Extension agents and staff from the Department of Revenue.

As a result of twenty-five newspapers publishing an article on MSAs, more than 6,000 copies of the MontGuide were distributed in 1998 and 1999. The MontGuide was also promoted on a television program sponsored by the Department of Aging in the winter of 2000. Area Agencies on Aging and Senior Centers featured the MontGuide in their newsletters during the fall of 2000.

The MontGuide can be printed from: <http://www.montana.edu/wwwpb/pubs/mt9817.pdf>. The Montana Department of Revenue has also "hot linked" the MSU Extension Web site on the agency site that features the form that account holders must include with their Montana income tax returns.

First-time home buyer savings accounts

The passage of the Montana First-Time Home Buyer Savings Account Act in 1998 provided a third opportunity for MSU Extension to collaborate with state agencies and professional organizations. Two members of the Department of Revenue and the MSU Extension Service Family Economics Specialist coauthored an eight-page MontGuide entitled *Montana First-Time Home Buyer Savings Accounts*. The goal was to inform Montana residents that they can place money in a special savings account for the purchase of a first home and save on state income taxes at the same time.

The maximum amount that can be used to reduce Montana taxable income is limited to \$3,000 annually for a single person and \$6,000 for a married couple. As long as the money is left in the account (or withdrawn for eligible first time home buyer expenses), it is not subject to Montana income tax.

Reviewers for the MontGuide included members of the Montana Independent Bankers Association, Montana Bankers Association, Montana Society of Public Accountants, and Montana Credit Union Network. MSU Extension and the Montana Department of Revenue provide the MontGuide on their Web sites. The MontGuide can be printed from: <http://www.montana.edu/wwwpb/pubs/mt9918.html>.

As a result of twenty-three newspapers publishing an article on first-time home buyer savings accounts, more than 3,000 copies of the MontGuide were distributed in 1999. Many banks are distributing the MontGuide to customers who have questions about first-time home buyer accounts.

Collaboration benefits

More Montanans are becoming aware of the MSU Extension Service because of the Web links through the Montana Department of Revenue to Extension publications. As a result of being involved with reviews of MontGuides, the State Bar of Montana has MSU Extension publications linked on the organization's Web site.

MSU Extension has extended and expanded resources as a result of the collaboration. The circle of contacts within state government has been broadened. The situation is a win-win for all agencies and professional organizations. Montana citizens are saving money on their state income taxes because they became aware of the new laws through newspaper articles featuring the MontGuides and took appropriate actions.

Montana Legislators are impressed that two agencies are working together rather than duplicating efforts to inform citizens about new laws. Montana citizens have called and written letters to MSU Extension to express appreciation for providing them with the opportunity to learn about programs that save them tax dollars.

Collaborations are ongoing. During the fall of 2000 the Banking and Finance Division of the Montana Department of Commerce and members of the State Bar of Montana have been involved with the review of a new MontGuide entitled *Payday Loans-Laws Protecting Montana Borrowers*. The fact sheet explains the Montana Deferred Deposit Loan Act that became effective on October 1, 1999. With the Montana Legislature convening in January 2001, there will be additional opportunities for collaborations as new laws affecting family finances are anticipated.

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Author

Marsha A. Goetting, Ph.D., CFP, CFCS, Professor and Extension Family Economics Specialist, Department of Agricultural Economics and Economics, Montana State University, goetting@montana.edu.

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