

HOUSE BILL NO. 723

INTRODUCED BY D. FERN

BY REQUEST OF THE HOUSE TAXATION STANDING COMMITTEE

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6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING INCOME TAX CREDIT LAWS; PROVIDING FOR THE  
7 EXPIRATION OF INDIVIDUAL AND CORPORATE INCOME TAX CREDITS; REQUIRING THE REVENUE AND  
8 TRANSPORTATION INTERIM COMMITTEE TO REVIEW EXPIRING TAX CREDITS AND MAKE A  
9 RECOMMENDATION TO THE LEGISLATURE; PROVIDING CRITERIA FOR THE COMMITTEE TO USE WHEN  
10 REVIEWING TAX CREDITS; REPEALING EXPIRED TAX CREDITS; AMENDING SECTIONS 5-4-104, 5-5-227,  
11 15-30-2301, 15-30-2302, 15-30-2318, 15-30-2319, 15-30-2320, 15-30-2326, 15-30-2334, 15-30-2335,  
12 15-30-2340, 15-30-2342, 15-30-2356, 15-30-2357, 15-30-2364, 15-30-2366, 15-30-2367, 15-30-2373,  
13 15-30-2380, 15-30-2381, 15-30-3110, 15-30-3111, 15-31-125, 15-31-131, 15-31-132, 15-31-134, 15-31-135,  
14 15-31-136, 15-31-137, 15-31-151, 15-31-158, 15-31-159, 15-31-171, 15-31-173, 15-32-109, 15-32-115,  
15 15-32-201, 15-32-402, 15-32-503, 15-32-602, 15-32-701, 15-32-702, 15-32-703, 15-50-207, AND 17-6-316,  
16 MCA; REPEALING SECTIONS 15-30-2358, 15-30-2365, 15-31-133, AND 15-31-150, MCA; REPEALING  
17 SECTION 6, CHAPTER 346, LAWS OF 2013, SECTION 3, CHAPTER 392, LAWS OF 2015, SECTION 33,  
18 CHAPTER 457, LAWS OF 2015, AND SECTIONS 1 AND 2, CHAPTER 139, LAWS OF 2017; AND PROVIDING  
19 AN IMMEDIATE EFFECTIVE DATE."

20  
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22  
23 NEW SECTION. **Section 1. Tax credits to expire -- interim committee to review.** (1) The following  
24 tax credits expire on December 31, 2021:

- 25 (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;
- 26 (b) the credit for contractor's gross receipts provided for in 15-50-207;
- 27 (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;
- 28 (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;
- 29 (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; and
- 30 (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

- 1 (2) The following tax credits expire on December 31, 2023:
- 2 (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32, part
- 3 4;
- 4 (b) the credit for qualified elderly care expenses provided for in 15-30-2366;
- 5 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and
- 6 15-31-131;
- 7 (d) the credit for contributions to a university or college foundation or endowment provided for in
- 8 15-30-2326, 15-31-135, and 15-31-136;
- 9 (e) the credit for donations to an educational improvement account provided for in 15-30-2334,
- 10 15-30-3110, and 15-31-158; and
- 11 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111,
- 12 and 15-31-159.
- 13 (3) The following tax credits expire on December 31, 2025:
- 14 (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-132;
- 15 (b) the credit for installation of a geothermal system provided for in 15-32-115;
- 16 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
- 17 chapter 32, part 6;
- 18 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-137;
- 19 and
- 20 (e) the credit for infrastructure use fees provided for in 17-6-316.
- 21 (4) The following tax credits expire on December 31, 2027:
- 22 (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;
- 23 (b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;
- 24 (c) the credit for capital gains provided for in 15-30-2301;
- 25 (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-134;
- 26 (e) the credit for an oilseed crush facility provided for in 15-32-701; and
- 27 (f) the credit for unlocking state lands provided for in 15-30-2380.
- 28 (5) The following tax credits expire on December 31, 2029:
- 29 (a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;
- 30 (b) the biodiesel blending and storage credit provided for in 15-32-703;

- 1 (c) the adoption tax credit provided for in 15-30-2364;  
2 (d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;  
3 (e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and  
4 15-31-173; and  
5 (f) the earned income tax credit provided for in 15-30-2318.

6 (2) The revenue and transportation interim committee shall review the tax credits scheduled to expire  
7 in the year of the next regular legislative session and make recommendations to the legislature about whether  
8 to extend the expiration dates. The legislature may extend the expiration dates by amending this section and the  
9 section granting the credit. If the committee extends the expiration date, there is a preference for a new expiration  
10 date no more than 10 years from the date of the previous expiration date. The revenue and transportation interim  
11 committee shall review the expiring credits using the following criteria:

- 12 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that  
13 may have been made regardless of the existence of the tax credit;  
14 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;  
15 (c) whether the credit has out-of-state beneficiaries;  
16 (d) the timing of costs and benefits of the credit and how long the credit is effective;  
17 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or  
18 elimination outweigh adverse impacts; and  
19 (f) the extent to which benefits of the credit affect the larger economy.

20  
21 **Section 2.** Section 5-4-104, MCA, is amended to read:

22 **"5-4-104. Tax expenditure criteria -- legislation.** (1) The legislature recognizes the value of relevant  
23 information when making determinations regarding tax policy and tax expenditures. The legislature also  
24 recognizes the need to reevaluate tax expenditures after enactment. In consideration of these policy goals, the  
25 legislature encourages a policy of providing an explicit purpose of a tax expenditure and termination dates of no  
26 more than 6 10 years in any legislation creating, expanding, or continuing a tax expenditure.

27 (2) As used in this section, the term "tax expenditures" means those revenue losses attributable to  
28 provisions of Montana tax laws that allow a special exclusion, exemption, or deduction from gross income or that  
29 provide a special credit, a preferential rate of tax, or a deferral of tax liability including:

- 30 (a) personal income and corporate income tax exemptions;

- 1 (b) property tax exemptions for which application to the department is necessary;  
 2 (c) deferral of income;  
 3 (d) credits allowed against Montana personal income tax or Montana corporate income tax;  
 4 (e) deductions from income; and  
 5 (f) any other identifiable preferential treatment of income or property."  
 6

7 **Section 3.** Section 5-5-227, MCA, is amended to read:

8 **"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue**  
 9 **estimating and use of estimates.** (1) The revenue and transportation interim committee has administrative rule  
 10 review, draft legislation review, program evaluation, and monitoring functions for the state tax appeal board  
 11 established in 2-15-1015 and for the department of revenue and the department of transportation and the entities  
 12 attached to the departments for administrative purposes, except the division of the department of revenue that  
 13 administers the Montana Alcoholic Beverage Code.

14 (2) (a) The committee must have prepared by December 1 for introduction during each regular session  
 15 of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected  
 16 to be available for legislative appropriation.

17 (b) The committee may prepare for introduction during a special session of the legislature in which a  
 18 revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The  
 19 revenue estimate is considered a subject specified in the call of a special session under 5-3-101.

20 (3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current  
 21 revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the  
 22 legislature's estimates and the assumptions underlying the estimates will be used by all agencies with  
 23 responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

24 (4) The legislative services division shall provide staff assistance to the committee. The committee may  
 25 request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the  
 26 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of  
 27 the state.

28 (5) The committee shall review tax credits scheduled to expire as provided in [section 1]."  
 29

30 **Section 4.** Section 15-30-2301, MCA, is amended to read:

1           **"15-30-2301. Capital gains credit.** ~~An~~ Through the tax year ending December 31, 2027, an individual  
 2 taxpayer is allowed a credit against the taxes imposed by 15-30-2103 in an amount equal to ~~4% of the taxpayer's~~  
 3 ~~net capital gains for tax years 2005 and 2006 and~~ 2% of the taxpayer's net capital gains for tax years beginning  
 4 ~~after 2006~~, as shown on the taxpayer's individual income tax return filed pursuant to 15-30-2602. The credit  
 5 allowed under this section may not exceed the taxpayer's income tax liability."  
 6

7           **Section 5.** Section 15-30-2302, MCA, is amended to read:

8           **"15-30-2302. Credit allowed resident taxpayers for income taxes imposed by foreign states or**  
 9 **countries.** (1) Subject to the conditions provided in subsections (2) through (6) and through the tax year ending  
 10 December 31, 2021, a resident of this state is allowed a credit against the taxes imposed by this chapter for:

11           (a) income taxes imposed by and paid to another state or country on income taxable under this chapter;  
 12           (b) the resident's pro rata share of any income tax imposed by and paid to another state or country by  
 13 an S. corporation of which the resident is a shareholder; and  
 14           (c) the resident's distributive share, whether separately or nonseparately stated, of any income tax  
 15 imposed by and paid to another state or country by a partnership of which the resident is a partner.

16           (2) The credit is allowed only for taxes paid to another state or country on income derived from sources  
 17 within the other state or country that is taxable under the laws of the other state or country regardless of the  
 18 residence or domicile of the taxpayer.

19           (3) The credit is not allowed if the other state or country allows residents of this state a credit against the  
 20 taxes imposed by the other state or country for taxes paid or payable under this chapter.

21           (4) The credit is not allowed on taxes imposed by a foreign country to the extent that a credit for the taxes  
 22 imposed by the foreign country was claimed for federal income tax purposes.

23           (5) The allowable credit must be computed by a formula prescribed by the department.

24           (6) For the purposes of the credit under subsections (1)(b) and (1)(c):

25           (a) "income tax" has the same meaning as provided in Article II of 15-1-601;

26           (b) the S. corporation must have made and have in effect on the last day of its tax year a valid election  
 27 under subchapter S. of Chapter 1 of the Internal Revenue Code; and

28           (c) the credit applies only to taxes paid by the S. corporation or partnership on income taxable under this  
 29 chapter."  
 30

1           **Section 6.** Section 15-30-2318, MCA, is amended to read:

2           **"15-30-2318. Earned income tax credit.** (1) Except as provided in subsection (3) and through the tax  
3 year ending December 31, 2029, a resident taxpayer is allowed as a credit against the tax imposed by  
4 15-30-2103 a percentage of the credit allowed for the federal earned income credit for which the individual  
5 taxpayer is eligible for the tax year under section 32 of the Internal Revenue Code, 26 U.S.C. 32.

6           (2) The amount of the credit allowed under subsection (1) is 3% of the amount of the credit determined  
7 for the tax year under section 32 of the Internal Revenue Code, 26 U.S.C. 32.

8           (3) (a) Except for married taxpayers living apart who are treated as single under section 7703(b) of the  
9 Internal Revenue Code, 26 U.S.C. 7703(b), the credit is not allowed to married taxpayers if the spouses report  
10 their income on separate tax forms. Married taxpayers filing separately on the same form may allocate the credit  
11 between spouses.

12           (b) The credit is not allowed on earned income that is treated as a dividend received by a member of an  
13 agricultural organization provided for in section 501(d) of the Internal Revenue Code, 26 U.S.C. 501(d). For the  
14 purpose of this subsection (3)(b), the amount of the state tax credit provided for in subsection (2) is reduced by  
15 the reduction percentage.

16           (4) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the taxpayer's  
17 tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of the credit. The  
18 credit may be claimed by filing a Montana income tax return.

19           (5) For the purpose of this section, the following definitions apply:

20           (a) "Earned income" means earned income, as defined in section 32 of the Internal Revenue Code, 26  
21 U.S.C. 32, that was used to determine the amount of the federal earned income tax credit under subsection (2).

22           (b) "Reduction percentage" means a percentage that is calculated by dividing the earned income that  
23 is disallowed under subsection (3)(b) by the total amount of earned income."  
24

25           **Section 7.** Section 15-30-2319, MCA, is amended to read:

26           **"15-30-2319. Credit for energy-conserving investments.** ~~There~~ Through the tax year ending  
27 December 31, 2021, there is a credit against tax liability under this chapter as provided in 15-32-109."  
28

29           **Section 8.** Section 15-30-2320, MCA, is amended to read:

30           **"15-30-2320. Credit for alternative fuel motor vehicle conversion.** (1) (a) Except as provided in

1 subsection (1)(b) and through the tax year ending December 31, 2025, an individual, a corporation, a partnership,  
 2 or a small business corporation as defined in 15-30-3301 is allowed a tax credit against taxes imposed by  
 3 15-30-2103 or 15-31-101 for equipment and labor costs incurred to convert a motor vehicle licensed in Montana  
 4 to operate on alternative fuel.

5 (b) A seller of alternative fuel may not receive a credit for converting its own vehicles to the alternative  
 6 fuel that it sells.

7 (2) The maximum credit a taxpayer may claim in a year under this section is an amount equal to 50%  
 8 of the equipment and labor costs incurred but the credit may not exceed:

9 (a) \$500 for conversion of a motor vehicle with a gross weight of 10,000 pounds or less; or

10 (b) \$1,000 for conversion of a motor vehicle with a gross vehicle weight over 10,000 pounds.

11 (3) For the purposes of this section, "alternative fuel" means:

12 (a) natural gas;

13 (b) liquefied petroleum gas;

14 (c) liquefied natural gas;

15 (d) hydrogen;

16 (e) electricity; or

17 (f) any other fuel if at least 85% of the fuel is methanol, ethanol or other alcohol, ether, or any  
 18 combination of them.

19 (4) (a) The credit allowed under this section may not exceed the taxpayer's income tax liability.

20 (b) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
 21 be applied in the year the conversion is made, as determined by the taxpayer's accounting method."  
 22

23 **Section 9.** Section 15-30-2326, MCA, is amended to read:

24 **"15-30-2326. Credit for contributions to university or college foundations and endowment funds.**

25 (1) (a) ~~An~~ Through the tax year ending December 31, 2023, an individual, corporation, partnership, or small  
 26 business corporation, as defined in 15-30-3301, is allowed a tax credit against taxes imposed by 15-30-2103 or  
 27 15-31-101 in an amount equal to 10% of the aggregate amount of charitable contributions made by the taxpayer  
 28 during the year to a foundation or a general endowment fund of:

29 (i) the Montana university system or any unit or campus of the Montana university system;

30 (ii) a Montana private college;

1 (iii) a Montana community college that is part of a community college district defined and organized as  
2 provided in 20-15-101; or

3 (iv) a tribal college located in Montana that meets the requirements of 25 U.S.C 1804.

4 (b) The maximum credit that a taxpayer may claim in a year under this section is \$500. The credit  
5 allowed under this section may not exceed the taxpayer's income tax liability.

6 (2) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
7 be applied in the year the donation is made, as determined by the taxpayer's accounting method.

8 (3) (a) For the purposes of this section, "foundation" means a nonprofit organization that is created  
9 exclusively for the benefit of any unit of the Montana university system, a Montana private college, a community  
10 college, or a tribal college and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

11 (b) For the purposes of this section, "Montana private college" means a nonprofit private educational  
12 institution:

13 (i) whose main campus and primary operations are within the state; and

14 (ii) that offers education on the level of an associate degree or a baccalaureate degree and is accredited  
15 for that purpose by a national or regional accrediting agency recognized by the board of regents of higher  
16 education."

17

18 **Section 10.** Section 15-30-2334, MCA, is amended to read:

19 **"15-30-2334. (Temporary) Credit for providing supplemental funding to public schools --**  
20 **innovative educational program.** ~~There~~ Through the tax year ending December 31, 2023, there is a credit  
21 against tax liability under this chapter for a donation made to the educational improvement account as provided  
22 in 15-30-3110. (~~Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.-~~)"

23

24 **Section 11.** Section 15-30-2335, MCA, is amended to read:

25 **"15-30-2335. (Temporary) Qualified education individual income tax credit for contributions to**  
26 **student scholarship organization.** ~~There~~ Through the tax year ending December 31, 2023, there is a credit  
27 against tax liability under this chapter for a charitable donation made to a student scholarship organization as  
28 provided in 15-30-3111. (~~Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.-~~)"

29

30 **Section 12.** Section 15-30-2340, MCA, is amended to read:



1           **"15-30-2340. Residential property tax credit for elderly -- computation of relief. (1) The tax credit**  
 2 **provided for in 15-30-2337 through 15-30-2341 is available through the tax year ending December 31, 2021.**

3           (2) The amount of the tax credit granted under the provisions of 15-30-2337 through 15-30-2341 is  
 4 computed as ~~follows~~: provided in this section.

5           ~~(1)~~(3) In the case of a claimant who owns the homestead for which a claim is made, the credit is the  
 6 amount of property tax billed less the deduction specified in subsection ~~(4)~~ (6).

7           ~~(2)~~(4) In the case of a claimant who rents the homestead for which a claim is made, the credit is the  
 8 amount of rent-equivalent tax paid less the deduction specified in subsection ~~(4)~~ (6).

9           ~~(3)~~(5) In the case of a claimant who both owns and rents the homestead for which a claim is made, the  
 10 credit is:

11           (a) the amount of property tax billed on the owned portion of the homestead less the deduction specified  
 12 in subsection ~~(4)~~ (6); plus

13           (b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the deduction  
 14 specified in subsection ~~(4)~~ (6).

15           ~~(4)~~(6) Property tax billed and rent-equivalent tax paid are reduced according to the following schedule:

Household income	Amount of reduction
\$0 - \$999	\$0
\$1,000 - \$1,999	\$0
\$2,000 - \$2,999	the product of .006 times the household income
\$3,000 - \$3,999	the product of .016 times the household income
\$4,000 - \$4,999	the product of .024 times the household income
\$5,000 - \$5,999	the product of .028 times the household income
\$6,000 - \$6,999	the product of .032 times the household income
\$7,000 - \$7,999	the product of .035 times the household income
\$8,000 - \$8,999	the product of .039 times the household income
\$9,000 - \$9,999	the product of .042 times the household income
\$10,000 - \$10,999	the product of .045 times the household income
\$11,000 - \$11,999	the product of .048 times the household income
\$12,000 & over	the product of .050 times the household income

1           ~~(5)~~(7) For a claimant whose household income is \$35,000 or more but less than \$45,000, the amount  
 2 of the credit is equal to the credit calculated under this section multiplied by the decimal equivalent of a  
 3 percentage figure according to the following table:

4    Gross household income	Percentage of credit allowed
5    \$35,000 - \$37,500	40%
6    \$37,501 - \$40,000	30%
7    \$40,001 - \$42,500	20%
8    \$42,501 - \$44,999	10%
9    \$45,000 or more	0%

10           ~~(6)~~(8) The credit granted may not exceed \$1,000.

11           ~~(7)~~(9) Relief under 15-30-2337 through 15-30-2341 is a credit against the claimant's Montana individual  
 12 income tax liability for the claim period. If the amount of the credit exceeds the claimant's liability under this  
 13 chapter, the amount of the excess must be refunded to the claimant. The credit may be claimed even though the  
 14 claimant has no income taxable under this chapter."

15

16           **Section 13.** Section 15-30-2342, MCA, is amended to read:

17           **"15-30-2342. Credit for preservation of historic buildings.** (1) ~~There~~ Through the tax year ending  
 18 December 31, 2027, there is allowed as a credit against the taxes imposed by 15-30-2103 a percentage of the  
 19 credit allowed for qualified rehabilitation expenditures with respect to any certified historic building located in  
 20 Montana as provided in 15-31-151.

21           (2) The credit may not be allocated between spouses unless the property is used by a small business  
 22 corporation or a partnership in which they are shareholders or partners."

23

24           **Section 14.** Section 15-30-2356, MCA, is amended to read:

25           **"15-30-2356. Empowerment zone new employees -- tax credit.** (1) ~~There~~ Through the tax year ending  
 26 December 31, 2027, there is a credit for taxes due under 15-30-2103 for an employer for each new employee  
 27 at a business in an empowerment zone created pursuant to Title 7, chapter 21, part 37. The taxpayer must be  
 28 certified by the department of labor and industry to be eligible to receive the credit as provided in 7-21-3710.

29           (2) The amount of the credit for each qualifying employee is:

1	1st year of employment	\$500
2	2nd year of employment	\$1,000
3	3rd year of employment	\$1,500

4 (3) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 7 years  
5 and carried back 3 years. The entire amount of the tax credit not used in the year earned must be carried first  
6 to the earliest tax year in which the credit may be applied and then to each succeeding tax year."

7

8 **Section 15.** Section 15-30-2357, MCA, is amended to read:

9 **"15-30-2357. Tax credit for hiring registered apprentice or veteran apprentice.** (1) Subject to the  
10 provisions of 39-6-109 and through the tax year ending December 31, 2029, a taxpayer is allowed a credit against  
11 the tax imposed by chapter 31 or this chapter for employing a registered apprentice or registered veteran  
12 apprentice who works in Montana.

13 (2) The credit may not exceed the taxpayer's tax liability and may not be carried forward or carried back.

14 (3) The credit may be claimed only in the tax year in which the department of labor and industry  
15 approved the credit as provided in 39-6-109(4). If a taxpayer claims the credit but was not approved by the  
16 department of labor and industry, the taxpayer's return must be processed without regard to the credit.

17 (4) For fiscal year filers, the credit available to claim in the current fiscal year is the credit allowed for the  
18 calendar year that ends within the taxpayer's fiscal period.

19 (5) Subject to the probationary period provided for in 39-6-109, if an employer employs an apprentice  
20 for less than the full preceding calendar year, the employer may apply for the full credit for the year in which the  
21 apprentice was employed.

22 (6) The department shall, after consultation with the department of labor and industry, prescribe a form  
23 for a taxpayer to claim the tax credit. The form must provide the department with sufficient information for the  
24 proper administration of the credit.

25 (7) The department shall provide the department of labor and industry an annual report detailing the tax  
26 credit provided to employers for the previous year. The information provided to the department of labor and  
27 industry is subject to the provisions of 15-30-2618 and 15-31-511.

28 (8) The department may adopt rules, prepare forms, and maintain records that are necessary to  
29 implement this credit."

1

2           **Section 16.** Section 15-30-2364, MCA, is amended to read:

3           **"15-30-2364. Adoption tax credit -- limitations.** (1) ~~There~~ Through the tax year ending December 31,  
4 2029, there is allowed a tax credit against the tax imposed by 15-30-2103 or 15-30-2151 for the legal adoption  
5 of an eligible child for which the taxpayer qualifies for the credit for adoption expenses under section 23 of the  
6 Internal Revenue Code, 26 U.S.C. 23.

7           (2) The amount of the credit allowed under subsection (1) is equal to \$1,000 in the tax year the adoption  
8 is final. Only one credit is allowed for each eligible child. However, married taxpayers filing separately on the  
9 same form may allocate the credit between spouses.

10           (3) To claim the credit under this section, the taxpayer shall:

11           (a) include the name, age, and federal tax identification number, if known, of the eligible child on the tax  
12 return; and

13           (b) provide other information as required by the department, including identification of an agent assisting  
14 with the adoption.

15           (4) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the  
16 amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed by  
17 this section for the tax year exceed the taxpayer's tax liability for the current tax year, the excess attributable to  
18 the current tax year's credit is a credit carryover to the 5 succeeding tax years. The entire amount of unused credit  
19 must be carried forward to the earliest of the succeeding years, and the oldest available unused credit must be  
20 used first."

21

22           **Section 17.** Section 15-30-2366, MCA, is amended to read:

23           **"15-30-2366. Credit for expense of caring for certain elderly family members.** (1) ~~There~~ Through  
24 the tax year ending December 31, 2023, there is a credit against the tax imposed by this chapter for qualified  
25 elderly care expenses paid by an individual for the care of a qualifying family member during the taxable year.

26           (2) A qualifying family member is an individual who:

27           (a) is related to the taxpayer by blood or marriage;

28           (b) (i) is at least 65 years of age; or

29           (ii) has been determined to be disabled by the social security administration; and

30           (c) has a family income of \$15,000 or less for an unmarried individual and \$30,000 or less for a married

1 individual for the taxable year.

2 (3) For purposes of this section, "family income" means, in the case of an individual who is not married,  
3 the gross income, including all nontaxable income, of the individual or, in the case of a married individual, the  
4 gross income, including all nontaxable income, of the individual and the individual's spouse.

5 (4) Qualified elderly care expenses include:

6 (a) payments by the taxpayer for home health agency services, personal-care attendant services and  
7 care in a long-term care facility, as defined in 50-5-101, that is licensed by the department of public health and  
8 human services, homemaker services, adult day care, respite care, or health care equipment and supplies:

9 (i) provided to the qualifying family member;

10 (ii) provided by an organization or individual not related to the taxpayer or the qualifying family member;

11 and

12 (iii) not compensated for by insurance or otherwise;

13 (b) premiums paid for long-term care insurance coverage for a qualifying family member.

14 (5) The percentage amount of credit allowable under this section is:

15 (a) for a taxpayer whose adjusted gross income does not exceed \$25,000, 30% of qualified elderly care  
16 expenses; or

17 (b) for a taxpayer whose adjusted gross income exceeds \$25,000, the greater of:

18 (i) 20% of qualified elderly care expenses; or

19 (ii) 30% of qualified elderly care expenses, less 1% for each \$2,000 or fraction of \$2,000 by which the  
20 adjusted gross income of the taxpayer for the taxable year exceeds \$25,000.

21 (6) The dollar amount of credit allowable under this section is:

22 (a) reduced by \$1 for each dollar of the adjusted gross income over \$50,000 for a taxpayer whose  
23 adjusted gross income exceeds \$50,000;

24 (b) limited to \$5,000 per qualifying family member in a taxable year and to \$10,000 total for two or more  
25 family members in a taxable year;

26 (c) prorated among multiple taxpayers who each contribute to qualified elderly care expenses of the  
27 same qualified family member in a taxable year in the same proportion that their contributions bear to the total  
28 qualified elderly care expenses paid by those taxpayers for that qualified family member.

29 (7) A deduction or credit is not allowed under any other provision of this chapter with respect to any  
30 amount for which a credit is allowed under this section. The credit allowed under this section may not be claimed

1 as a carryback or carryforward and may not be refunded if the taxpayer has no tax liability.

2 (8) In the case of a married individual filing a separate return, the percentage amount of credit under  
3 subsection (5) and the dollar amount of credit under subsection (6) are limited to one-half of the figures indicated  
4 in those subsections."

5

6 **Section 18.** Section 15-30-2367, MCA, is amended to read:

7 **"15-30-2367. Tax credit for providing disability insurance for employees.** ~~There~~ Through the tax  
8 year ending December 31, 2025, there is a credit against the taxes otherwise due under this chapter allowable  
9 to an employer for the amount of premiums for disability insurance paid by the employer for the employer's  
10 employees. The tax credit must be computed in accordance with the provisions of 15-31-132."

11

12 **Section 19.** Section 15-30-2373, MCA, is amended to read:

13 **"15-30-2373. Credit for dependent care assistance and referral services.** (1) ~~There~~ Through the tax  
14 year ending December 31, 2023, there is a credit against the taxes otherwise due under this chapter allowable  
15 to an employer for amounts paid or incurred during the tax year by the employer for dependent care assistance.  
16 The credit must be computed in accordance with the provisions of 15-31-131.

17 (2) In addition to the credit allowed under subsection (1), there is a credit against the taxes otherwise  
18 due under this chapter allowable to an employer for amounts paid or incurred during the tax year by the employer  
19 to provide information and referral services to assist employees of the employer employed within this state to  
20 obtain dependent care. The credit must be computed in accordance with the provisions of 15-31-131."

21

22 **Section 20.** Section 15-30-2380, MCA, is amended to read:

23 **"15-30-2380. ~~(Temporary)~~ Credit for unlocking public lands program -- definitions.** (1) ~~A~~ Through  
24 the tax year ending December 31, 2027, a taxpayer is allowed a credit against the taxes imposed by Title 15,  
25 chapter 30 or 31, in the amount of \$750 for each qualified access to public land that is provided. The maximum  
26 credit that a taxpayer may claim in a year under this section is \$3,000.

27 (2) If the amount of the credit exceeds the taxpayer's liability under Title 15, chapter 30 or 31, the amount  
28 of the excess must be refunded to the taxpayer. The credit may be claimed even if the claimant has no taxable  
29 income.

30 (3) If the property through which access is provided is owned by multiple taxpayers, the taxpayers may

1 claim a proportionate share of the \$750 credit based on their respective ownership interests in that property.

2 (4) If qualified access to the same parcel of public land is provided through separate properties owned  
3 by different taxpayers, the taxpayer for each property may claim a \$750 credit.

4 (5) For purposes of this section:

5 (a) "public land" means:

6 (i) state land, as defined in 77-1-101; or

7 (ii) federal land managed by the U.S. forest service or the bureau of land management; and

8 (b) "qualified access to public land":

9 (i) means an access or corridor established through a taxpayer's property to a parcel of public land for  
10 recreational use and certified by the department of fish, wildlife, and parks pursuant to 87-1-294;

11 (ii) does not include a corridor established between two or more parcels of public land when the public  
12 land parcels are surrounded by private land that the landowner or landowners have not granted permission to  
13 cross and there is no other legal access. (~~Terminates December 31, 2027--secs. 1, 2, Ch. 139, L. 2017.~~)"

14

15 **Section 21.** Section 15-30-2381, MCA, is amended to read:

16 **"15-30-2381. Tax credit for providing emergency lodging.** (1) ~~There~~ Through the tax year ending  
17 December 31, 2029, there is a credit for taxes otherwise due under this chapter for participation in the emergency  
18 lodging program established in 50-51-114.

19 (2) The tax credit is:

20 (a) equal to \$30 for each day of lodging provided; and

21 (b) limited to a maximum of 5 nights' lodging for each individual or family per calendar year.

22 (3) The credit may be claimed only for lodging provided in Montana.

23 (4) If the amount of the credit exceeds the taxpayer's liability under this chapter, the amount of the  
24 excess must be refunded to the taxpayer. The credit may be claimed even if the taxpayer has no tax liability.

25 (5) If the credit allowed under this section is claimed by a small business corporation, as defined in  
26 15-30-3301, or a partnership, the credit must be attributed to shareholders or partners, using the same proportion  
27 to report the corporation's or partnership's income or loss for Montana income tax purposes."

28

29 **Section 22.** Section 15-30-3110, MCA, is amended to read:

30 **"15-30-3110. (~~Temporary~~) Credit for providing supplemental funding to public schools --**

1 **innovative educational program.**(1) Subject to subsection (5) and through the tax year ending December 31,  
2 2023, a taxpayer or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations  
3 made to the educational improvement account provided for in 20-9-905 for the purpose of providing supplemental  
4 funding to public schools for innovative educational programs and technology deficiencies. The taxpayer may  
5 direct the donation to a geographic region or a large district as provided in 20-9-904(2)(b). The amount of the  
6 credit allowed is equal to the amount of the donation, not to exceed \$150.

7 (2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through  
8 entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same  
9 proportion as used to report the entity's income or loss.

10 (b) A donation by an estate or trust qualifies for the credit. Any credit not used by the estate or trust may  
11 be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's  
12 income from the estate or trust for Montana income tax purposes.

13 (3) The credit allowed under this section may not exceed the taxpayer's income tax liability.

14 (4) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
15 be applied in the year the donation is made, as determined by the taxpayer's accounting method.

16 (5) (a) (i) The aggregate amount of tax credits allowed under this section is \$3 million beginning in tax  
17 year 2016.

18 (ii) Beginning in 2017, by August 1 of each year, the department shall determine if \$3 million or the  
19 aggregate limit provided for in subsection (5)(a)(iii) in donations was preapproved by the department. If this  
20 condition is satisfied, the aggregate amount of tax credits allowed must be increased by 10% for the succeeding  
21 tax years.

22 (iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base  
23 aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of  
24 subsection (5)(a)(ii).

25 (b) The department shall approve the amount of donations for taxpayers on a first-come, first-served  
26 basis and post a notice on its website advising taxpayers when the aggregate limit is in effect. If a taxpayer makes  
27 a donation after total donations claimed exceeds the aggregate limit, the taxpayer's return will be processed  
28 without regard to the credit.

29 (6) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for  
30 state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of



1 the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

2 (a) claiming a credit under this section instead of a deduction; or

3 (b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for  
4 which the credit is allowed under this section.

5 (7) After consultation with the superintendent of public instruction, the department may develop an  
6 internet-based registration system that provides taxpayers with the opportunity to obtain preapproval for a tax  
7 credit before making a donation. (~~Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.~~)"

8

9 **Section 23.** Section 15-30-3111, MCA, is amended to read:

10 **"15-30-3111. (~~Temporary~~) Qualified education tax credit for contributions to student scholarship**  
11 **organizations.** (1) Subject to subsection (5) and through the tax year ending December 31, 2023, a taxpayer  
12 or corporation is allowed a credit against the tax imposed by chapter 30 or 31 for donations made to a student  
13 scholarship organization. The donor may not direct or designate contributions to a parent, legal guardian, or  
14 specific qualified education provider. The amount of the credit allowed is equal to the amount of the donation, not  
15 to exceed \$150.

16 (2) (a) If the credit allowed under this section is claimed by a small business corporation, a pass-through  
17 entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same  
18 proportion as used to report the entity's income or loss.

19 (b) A contribution by an estate or trust qualifies for the credit. Any credit not used by the estate or trust  
20 may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's  
21 income from the estate or trust for Montana income tax purposes.

22 (3) The credit allowed under this section may not exceed the taxpayer's income tax liability.

23 (4) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
24 be applied in the year the donation is made, as determined by the taxpayer's accounting method.

25 (5) (a) (i) The aggregate amount of tax credits allowed under this section is \$3 million beginning in tax  
26 year 2016.

27 (ii) Beginning in 2017, by August 1 of each year, the department shall determine if \$3 million or the  
28 aggregate limit provided for in subsection (5)(a)(iii) in tax credits was preapproved by the department. If this  
29 condition is satisfied, the aggregate amount of tax credits allowed must be increased by 10% for the succeeding  
30 tax years.

1 (iii) If the aggregate limit is increased in any tax year, the department shall use the new limit as the base  
 2 aggregate limit for succeeding tax years until a new aggregated limit is established under the provisions of  
 3 subsection (5)(a)(ii).

4 (b) The department shall approve the amount of tax credits for taxpayers on a first-come, first-served  
 5 basis and post a notice on its website advising taxpayers when the aggregate limit is in effect. If a taxpayer makes  
 6 a donation after total donations claimed exceeds the aggregate limit, the taxpayer's return will be processed  
 7 without regard to the credit.

8 (6) A credit is not allowed under this section with respect to any amount deducted by the taxpayer for  
 9 state tax purposes as a charitable contribution to a charitable organization qualified under section 501(c)(3) of  
 10 the Internal Revenue Code, 26 U.S.C. 501(c)(3). This section does not prevent a taxpayer from:

11 (a) claiming a credit under this section instead of a deduction; or

12 (b) claiming an exclusion, deduction, or credit for a charitable contribution that exceeds the amount for  
 13 which the credit is allowed under this section.

14 (7) The department may develop an internet-based registration system that provides donors with the  
 15 opportunity to obtain preapproval for a tax credit before making a contribution. ~~(Terminates December 31,~~  
 16 ~~2023--sec. 33, Ch. 457, L. 2015.)"~~

17

18 **Section 24.** Section 15-31-125, MCA, is amended to read:

19 **"15-31-125. Determination of tax credit.** ~~A~~ Through the tax year ending December 31, 2021, a new  
 20 or expanding manufacturing corporation may receive an income tax credit based on a percentage of wages paid  
 21 its new employees within this state for a period of 3 years as provided in this section. For the first 3 years of  
 22 operation of a new corporation or the first 3 years of expansion of an expanding corporation, a credit of 1% of the  
 23 total new wages paid in this state, as wages are defined in 39-51-201, may be allowed. In determining total wages  
 24 for an expanding corporation, only those wages paid in support of the expansion are considered in ascertaining  
 25 the credit. The payroll and number of jobs of the corporation in the 12-month period immediately preceding the  
 26 expansion are averaged to determine eligibility for the credit."

27

28 **Section 25.** Section 15-31-131, MCA, is amended to read:

29 **"15-31-131. Credit for dependent care assistance and referral services.** (1) ~~There~~ Through the tax  
 30 year ending December 31, 2023, there is a credit against the taxes otherwise due under this chapter allowable

1 to an employer for amounts paid or incurred during the tax year by the employer for dependent care assistance  
2 actually provided to or on behalf of an employee if the assistance is furnished by a registered or licensed day-care  
3 provider and pursuant to a program that meets the requirements of section 129(d)(2) through (6) of the Internal  
4 Revenue Code, 26 U.S.C. 129(d)(2) through (d)(6).

5 (2) (a) The amount of the credit allowed under subsection (1) is 25% of the amount paid or incurred by  
6 the employer during the tax year, but the credit may not exceed \$1,575 of day-care assistance actually provided  
7 to or on behalf of the employee.

8 (b) For the purposes of this subsection, marital status must be determined under the rules of section  
9 21(e)(3) and (4) of the Internal Revenue Code, 26 U.S.C. 21(e)(3) and (e)(4).

10 (c) In the case of an onsite facility, the amount upon which the credit allowed under subsection (1) is  
11 based, with respect to any dependent, must be based upon utilization and the value of the services provided.

12 (3) (a) In addition to the credit allowed under subsection (1), there is a credit against the taxes otherwise  
13 due under this chapter allowable to an employer for amounts paid or incurred during the tax year by the employer  
14 to provide information and referral services to assist employees of the employer employed within this state to  
15 obtain dependent care.

16 (b) The amount of the credit allowed under subsection (3)(a) is equal to 25% of the amount paid or  
17 incurred in the tax year.

18 (4) An amount paid or incurred during the tax year of an employer in providing dependent care  
19 assistance to or on behalf of any employee does not qualify for the credit allowed under subsection (1) if the  
20 amount was paid or incurred to an individual described in section 129(c)(1) or (2) of the Internal Revenue Code,  
21 26 U.S.C. 129(c)(1) or (c)(2).

22 (5) An amount paid or incurred by an employer to provide dependent care assistance to or on behalf of  
23 an employee does not qualify for the credit allowed under subsection (1):

24 (a) to the extent the amount is paid or incurred pursuant to a salary reduction plan; or

25 (b) if the amount is paid or incurred for services not performed within this state.

26 (6) If the credit allowed under subsection (1) or (3) is claimed, the amount of any deduction allowed or  
27 allowable under this chapter for the amount that qualifies for the credit (or upon which the credit is based) must  
28 be reduced by the dollar amount of the credit allowed. The election to claim a credit allowed under this section  
29 must be made at the time of filing the tax return.

30 (7) The amount upon which the credit allowed under subsection (1) is based may not be included in the

1 gross income of the employee to whom the dependent care assistance is provided. However, the amount  
2 excluded from the income of an employee under this section may not exceed the limitations provided in section  
3 129(b) of the Internal Revenue Code, 26 U.S.C. 129(b). For purposes of Title 15, chapter 30, part 25, with respect  
4 to an employee to whom dependent care assistance is provided, "wages" does not include any amount excluded  
5 under this subsection. Amounts excluded under this subsection do not qualify as expenses for which a deduction  
6 is allowed to the employee under 15-30-2131.

7 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a particular  
8 year may be carried forward and offset against the taxpayer's tax liability for the next succeeding tax year. Any  
9 credit remaining unused in the next succeeding tax year may be carried forward and used in the second  
10 succeeding tax year and likewise through the fifth year succeeding the tax year in which the credit was first  
11 allowed or allowable. A credit may not be carried forward beyond the fifth succeeding tax year.

12 (9) If the taxpayer is an S. corporation, as defined in section 1361 of the Internal Revenue Code, 26  
13 U.S.C. 1361, and the taxpayer elects to take tax credit relief, the election may be made on behalf of the  
14 corporation's shareholders. A shareholder's credit must be computed using the shareholder's pro rata share of  
15 the corporation's costs that qualify for the credit. In all other respects, the effect of the tax credit applies to the  
16 corporation as otherwise provided by law.

17 (10) For purposes of the credit allowed under subsection (1) or (3):

18 (a) the definitions and special rules contained in section 129(e) of the Internal Revenue Code, 26 U.S.C.  
19 129(e), apply to the extent applicable; and

20 (b) "employer" means an employer carrying on a business, trade, occupation, or profession in this state."  
21

22 **Section 26.** Section 15-31-132, MCA, is amended to read:

23 **"15-31-132. Tax credit for providing disability insurance for employees.** ~~An~~ Through the tax year  
24 ending December 31, 2025, an employer is entitled to a credit against taxes otherwise due under this chapter  
25 for the amount of premiums for disability insurance paid by the employer for the employer's employees, subject  
26 to the following requirements:

27 (1) The tax credit is available only to employers who:

28 (a) have been in business in Montana for at least 12 months; and

29 (b) employ 20 or fewer employees working at least 20 hours a week.

30 (2) At least 50% of each employee's insurance premium is paid by the employer.

1 (3) Subject to the provisions of subsection (4), an employer is entitled to a tax credit for a maximum of  
2 10 employees, computed as follows:

3 (a) a credit of \$25 a month for each employee if the employer pays 100% of the employee's premium;

4 or

5 (b) a credit equal to \$25 a month multiplied by the percentage of the employee's premium paid by the  
6 employer for each employee if the employer pays less than 100% of the employee's premium.

7 (4) The credit may not exceed 50% of the premium cost for each employee and may not be claimed for  
8 a period of more than 36 consecutive months. A tax credit may not be granted to an employer or the employer's  
9 successor within 10 years of the last consecutive credit claimed.

10 (5) The credit allowed under this section may not be claimed as a carryback or carryforward and may  
11 not be refunded if the employer has no tax liability."

12

13 **Section 27.** Section 15-31-134, MCA, is amended to read:

14 **"15-31-134. Empowerment zone new employees -- tax credit.** (1) ~~There~~ Through the tax year ending  
15 December 31, 2027, there is a credit for taxes due under 15-31-121 or 15-31-122 for an employer for each new  
16 employee at a business in an empowerment zone created pursuant to Title 7, chapter 21, part 37. The taxpayer  
17 must be certified by the department of labor and industry to be eligible to receive the credit as provided in  
18 7-21-3710.

19 (2) The amount of the credit for each qualifying employee is:

20	1st year of employment	\$500
21	2nd year of employment	\$1,000
22	3rd year of employment	\$1,500

23 (3) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 7 years  
24 and carried back 3 years. The entire amount of the tax credit not used in the year earned must be carried first  
25 to the earliest tax year in which the credit may be applied and then to each succeeding tax year.

26 (4) If the credit allowed under this section is claimed by a small business corporation, as defined in  
27 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or  
28 partners using the same proportion as used to report the entity's income or loss."

29

1           **Section 28.** Section 15-31-135, MCA, is amended to read:

2           **"15-31-135. Contribution by small business corporation.** ~~A~~ Through the tax year ending December  
3 31, 2023, a contribution to a foundation or a general endowment fund of certain universities and colleges by a  
4 small business corporation qualifies for the credit under the provisions of 15-30-2326. The credit must be  
5 attributed to shareholders using the same proportion used to report the corporation's income or loss for Montana  
6 income tax purposes."

7  
8           **Section 29.** Section 15-31-136, MCA, is amended to read:

9           **"15-31-136. Contribution by partnership.** ~~A~~ Through the tax year ending December 31, 2023, a  
10 contribution to a foundation or a general endowment fund of certain universities and colleges by a partnership  
11 qualifies for the credit under the provisions of 15-30-2326. The credit must be attributed to partners using the  
12 same proportion used to report the partnership's income or loss for Montana tax purposes."

13  
14           **Section 30.** Section 15-31-137, MCA, is amended to read:

15           **"15-31-137. Small business corporation and partnership credit for alternative fuel conversion.** ~~If~~  
16 Through the tax year ending December 31, 2025, if equipment and labor costs incurred to convert a motor vehicle  
17 to operate on alternative fuel are claimed as a credit under 15-30-2320 by a small business corporation, as  
18 defined in 15-30-3301, or a partnership, the credit must be attributed to shareholders or partners using the same  
19 proportion used to report the corporation's or partnership's income or loss for Montana income tax purposes."

20  
21           **Section 31.** Section 15-31-151, MCA, is amended to read:

22           **"15-31-151. Credit for preservation of historic buildings.** (1) (a) ~~There~~ Through the tax year ending  
23 December 31, 2027, there is allowed as a credit against the taxes imposed by 15-31-101, 15-31-121, and  
24 15-31-122 a percentage of the credit allowed for qualified rehabilitation expenditures, with respect to any certified  
25 historic building located in Montana, as provided in 26 U.S.C. 47 or as that section may be renumbered or  
26 amended.

27           (b) The amount of the credit allowed for a tax year is 25% of the amount of the credit determined under  
28 26 U.S.C. 47(a)(2) or as that section may be renumbered or amended.

29           (2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than the  
30 amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed by

1 this section for the tax year exceeds the taxpayer's tax liability for the current tax year, the excess attributable to  
 2 the current tax year's credit is a credit carryover to the 7 succeeding tax years. The entire amount of unused credit  
 3 must be carried forward to the earliest of the succeeding years, and the oldest available unused credit must be  
 4 used first.

5 (3) If the credit under this section is claimed by a small business corporation, as defined in 15-30-3301,  
 6 or a partnership, the credit must be attributed to shareholders or partners, using the same proportion used to  
 7 report the corporation's or partnership's income or loss for Montana income tax purposes."  
 8

9 **Section 32.** Section 15-31-158, MCA, is amended to read:

10 **"15-31-158. (Temporary) Credit for providing supplemental funding to public schools -- corporate**  
 11 **tax credit -- innovative educational program.** ~~There~~ Through the tax year ending December 31, 2023, there  
 12 is a credit against tax liability under this chapter for a donation made to the educational improvement account as  
 13 provided in 15-30-3110. (Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.)"  
 14

15 **Section 33.** Section 15-31-159, MCA, is amended to read:

16 **"15-31-159. (Temporary) Qualified education corporate credit for contributions to student**  
 17 **scholarship organization.** ~~There~~ Through the tax year ending December 31, 2023, there is a credit against tax  
 18 liability under this chapter for a charitable donation made to a student scholarship organization as provided in  
 19 15-30-3111. (Terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.)"  
 20

21 **Section 34.** Section 15-31-171, MCA, is amended to read:

22 **"15-31-171. Tax credit for providing emergency lodging.** (1) ~~There~~ Through the tax year ending  
 23 December 31, 2029, there is a credit for taxes otherwise due under this chapter for participation in the emergency  
 24 lodging program established in 50-51-114.

25 (2) The tax credit is:

26 (a) equal to \$30 for each day of lodging provided; and

27 (b) limited to a maximum of 5 nights' lodging for each individual or family per calendar year.

28 (3) The credit may be claimed only for lodging provided in Montana.

29 (4) If the amount of the credit exceeds the taxpayer's liability under this chapter, the amount of the  
 30 excess must be refunded to the taxpayer. The credit may be claimed even if the taxpayer has no tax liability.

1 (5) If the credit allowed under this section is claimed by a small business corporation, as defined in  
2 15-30-3301, or a partnership, the credit must be attributed to shareholders or partners, using the same proportion  
3 to report the corporation's or partnership's income or loss for Montana income tax purposes."  
4

5 **Section 35.** Section 15-31-173, MCA, is amended to read:

6 **"15-31-173. Tax credit for hiring registered apprentices or veteran apprentices.** (1) ~~There~~ Through  
7 the tax year ending December 31, 2029, there is a tax credit against the taxes otherwise due under 15-31-121  
8 or 15-31-122 that is allowable in the amount established pursuant to 39-6-109 when a taxpayer employs a  
9 registered apprentice or registered veteran apprentice who works in Montana. The credit is administered as  
10 provided in 15-30-2357, 39-6-109, and this section.

11 (2) If the credit allowed under this section is claimed by a small business corporation as defined in  
12 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or  
13 partners using the same proportion as used to report the entity's income or loss."  
14

15 **Section 36.** Section 15-32-109, MCA, is amended to read:

16 **"15-32-109. Credit for energy-conserving expenditures.** (1) Subject to the restrictions of subsection  
17 (2) and through the tax year ending December 31, 2021, a resident individual taxpayer may take a credit against  
18 the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the  
19 physical attributes of a building or the installation of a water, heating, or cooling system in the building, so long  
20 as either type of investment is for an energy conservation purpose, in an amount not to exceed \$500.

21 (2) The credit under subsection (1):

22 (a) may not exceed the taxpayer's tax liability; and

23 (b) is subject to the provisions of 15-32-104."  
24

25 **Section 37.** Section 15-32-115, MCA, is amended to read:

26 **"15-32-115. Credit for geothermal system -- to whom available -- eligible costs -- limitations.** (1)  
27 A Through the tax year ending December 31, 2025, a resident individual taxpayer or a person constructing a new  
28 residence who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal  
29 dwelling or in a residence constructed by the taxpayer is entitled to claim a tax credit against the taxpayer's tax  
30 liability under chapter 30 or 31 for a portion of the installation costs of the system, not to exceed \$1,500. Only one



1 credit may be claimed for a residence. The amount of the credit not used in the year in which the installation is  
 2 made may be carried forward against taxes imposed under chapter 30 or 31 for the 7 succeeding tax years. The  
 3 entire amount of the credit not used in the year that it was earned must be carried first to the earliest tax year in  
 4 which the credit may be applied and then to each succeeding tax year. A credit is not allowed under this section  
 5 for expenditures claimed as a deduction under 15-32-103.

6 (2) For the purposes of this section, installation costs include the cost of:

7 (a) trenching, well drilling, casing, and downhole heat exchangers;

8 (b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

9 (c) ground source or ground coupled heat pumps;

10 (d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from  
 11 a well into a building; and

12 (e) design and labor."

13

14 **Section 38.** Section 15-32-201, MCA, is amended to read:

15 **"15-32-201. Amount of credit -- to whom available.** (1) A Through the tax year ending December 31,  
 16 2021, a resident individual taxpayer who completes installation of an energy system using a recognized nonfossil  
 17 form of energy generation, as defined in 15-32-102, to provide heat for the taxpayer's principal dwelling is allowed  
 18 to claim a tax credit in an amount equal to the cost of the system, including installation costs, less grants received,  
 19 not to exceed \$500, against the income tax liability imposed against the taxpayer pursuant to chapter 30.

20 (2) A resident individual taxpayer who completes installation of an energy system using a low-emission  
 21 wood or biomass combustion device, as defined in 15-32-102, to provide heat for the taxpayer's principal dwelling  
 22 is allowed to claim a tax credit in an amount equal to the cost of the system, including the installation costs, not  
 23 to exceed \$500, against the income tax liability imposed against the taxpayer pursuant to Title 15, chapter 30."

24

25 **Section 39.** Section 15-32-402, MCA, is amended to read:

26 **"15-32-402. Commercial or net metering system investment credit -- alternative energy systems.**

27 (1) An Through the tax year ending December 31, 2023, an individual, corporation, partnership, or small business  
 28 corporation as defined in 15-30-3301 that makes an investment of \$5,000 or more in property that is depreciable  
 29 under the Internal Revenue Code for a commercial system or a net metering system, as defined in 69-8-103, that  
 30 is located in Montana and that generates energy by means of an alternative renewable energy source, as defined

1 in 15-6-225, is entitled to a tax credit against taxes imposed by 15-30-2103 or 15-31-121 in an amount equal to  
 2 35% of the eligible costs, to be taken as a credit only against taxes due as a consequence of taxable or net  
 3 income produced by one of the following:

- 4 (a) manufacturing plants located in Montana that produce alternative energy generating equipment;
- 5 (b) a new business facility or the expanded portion of an existing business facility for which the  
 6 alternative energy generating equipment supplies, on a direct contract sales basis, the basic energy needed; or
- 7 (c) the alternative energy generating equipment in which the investment for which a credit is being  
 8 claimed was made.

9 (2) For purposes of determining the amount of the tax credit that may be claimed under subsection (1),  
 10 eligible costs include only those expenditures that are associated with the purchase, installation, or upgrading  
 11 of:

- 12 (a) generating equipment;
- 13 (b) safety devices and storage components;
- 14 (c) transmission lines necessary to connect with existing transmission facilities; and
- 15 (d) transmission lines necessary to connect directly to the purchaser of the electricity when no other  
 16 transmission facilities are available.

17 (3) Eligible costs under subsection (2) must be reduced by the amount of any grants provided by the  
 18 state or federal government for the system."

19

20 **Section 40.** Section 15-32-503, MCA, is amended to read:

21 **"15-32-503. Exploration incentive credit.** (1) ~~The~~ Through the tax year ending December 31, 2027,  
 22 the department shall grant to a person a credit against the person's tax liability under Title 15, chapter 30 or 31,  
 23 for the certified expenditures of the following exploration activities that are performed on land in the state for the  
 24 purpose of determining the existence, location, extent, or quality of a mineral or coal deposit, regardless of land  
 25 ownership:

- 26 (a) surveying by geophysical or geochemical methods;
- 27 (b) drilling exploration holes;
- 28 (c) conducting underground exploration;
- 29 (d) surface trenching and bulk sampling; or
- 30 (e) performing other exploratory work, including aerial photographs, geological and geophysical logging,

1 sample analysis, and metallurgical testing.

2 (2) (a) Except as provided in subsection (3), credit may not be granted under subsection (1) for  
3 exploration activity described in subsection (1) that occurs after the construction commencement date of a new  
4 mine.

5 (b) For the purposes of this subsection (2), "construction commencement date of a new mine" means  
6 the date no later than which all of the following have occurred:

7 (i) there has been issued to the owner or an agent of the owner permits, leases, title and other rights in  
8 land, and other approvals, permits, licenses, and certificates by federal, state, and local agencies that a  
9 reasonable and prudent person would consider adequate to commence construction of a mine in the expectation  
10 that all other approvals, permits, licenses, and certificates necessary for the completion of the facilities will be  
11 obtained;

12 (ii) all approvals, permits, licenses, and certificates are in full force and effect and without any modification  
13 that might jeopardize the completion or continued construction of the mine; and

14 (iii) an order, judgment, decree, determination, or award of a court or administrative or regulatory agency  
15 enjoining, either temporarily or permanently, the construction or the continuation of construction of the mine is  
16 not in effect.

17 (3) In addition to the grant of a credit for a new mine under subsection (2), a credit may be granted under  
18 subsection (1) for exploration activity for a mine that had previously operated, that has ceased to operate, and  
19 for which all previous mining approvals, permits, licenses, and certificates that allowed the previous operation  
20 are no longer in effect. However, a credit may not be granted under subsection (1) for exploration activity that  
21 occurs after the mine reopening date. For the purposes of this subsection (3), "mine reopening date" means the  
22 date not later than which all of the following have occurred:

23 (a) there has been issued to the owner or an agent of the owner permits, leases, title and other rights  
24 in land, and other approvals, permits, licenses, and certificates by federal, state, and local agencies that a  
25 reasonable and prudent person would consider adequate to commence operation of the former mine in the  
26 expectation that all other approvals, permits, licenses, and certificates necessary for the completion of the  
27 facilities will be obtained;

28 (b) all approvals, permits, licenses, and certificates for the reopened mine are in full force and effect and  
29 without any modification that might jeopardize the reopening of the former mine; and

30 (c) an order, judgment, decree, determination, or award of a court or administrative or regulatory agency

1 enjoining, either temporarily or permanently, the reopening of the former mine is not in effect."  
2

3 **Section 41.** Section 15-32-602, MCA, is amended to read:

4 **"15-32-602. Amount and duration of credit -- how claimed.** (1) ~~An~~ Through the tax year ending  
5 December 31, 2025, an individual, corporation, partnership, or small business corporation, as defined in  
6 15-30-3301, may receive a credit against taxes imposed by Title 15, chapter 30 or 31, for investments in  
7 depreciable property to collect or process reclaimable material or to manufacture a product from reclaimed  
8 material, if the taxpayer qualifies under 15-32-603.

9 (2) Subject to subsection (4), a taxpayer qualifying for a credit under 15-32-603 is entitled to claim a  
10 credit, as provided in subsection (3), for the cost of each item of property purchased to collect or process  
11 reclaimable material or to manufacture a product from reclaimed material only in the year in which the property  
12 was purchased.

13 (3) The amount of the credit that may be claimed under this section for investments in depreciable  
14 property is determined according to the following schedule:

15 (a) 25% of the cost of the property on the first \$250,000 invested;

16 (b) 15% of the cost of the property on the next \$250,000 invested; and

17 (c) 5% of the cost of the property on the next \$500,000 invested.

18 (4) A credit may not be claimed for investments in depreciable property in excess of \$1 million."  
19

20 **Section 42.** Section 15-32-701, MCA, is amended to read:

21 **"15-32-701. Oilseed crush facility -- tax credit.** (1) ~~An~~ Through the tax year ending December 31,  
22 2027, an individual, corporation, partnership, or small business corporation, as defined in 15-30-3301, may  
23 receive a credit against taxes imposed by Title 15, chapter 30 or 31, for the costs of investments in depreciable  
24 property in Montana that is used primarily for crushing oilseed crops for purposes of producing biodiesel or  
25 biolubricant.

26 (2) Subject to subsection (4), a taxpayer qualifying for a credit under this section is entitled to claim a  
27 credit, as provided in subsection (3), for the costs described in subsection (1) incurred in the 2 tax years before  
28 the facility begins crushing oilseed or in any tax year in which the facility is crushing oilseed.

29 (3) The total amount of credits for all years that may be claimed for a facility under this section is 15%  
30 of the costs described in subsection (1), up to a total of \$500,000.

1 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this  
2 section:

3 (a) The depreciable property for which the credit is claimed must begin to be used for the purposes  
4 described in subsection (1) before January 1, 2015.

5 (b) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser  
6 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that crushes  
7 oilseed or that manufactures a product from crushed oilseed.

8 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all  
9 or any part of the investment cost among themselves and their successors or assigns.

10 (c) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except  
11 as otherwise provided in subsection (4)(b), and, except for the 2 tax-year period claimed in subsection (2), must  
12 have been using the depreciable property for the purposes described in subsection (1) during the tax year for  
13 which the credit is claimed and during each year for which the credit is carried forward.

14 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the  
15 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

16 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year  
17 in which the credit is initially claimed may be carried forward for credit against a taxpayer's tax liability for any  
18 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may  
19 not be carried forward to any tax year in which the facility in which the depreciable property is installed is not  
20 crushing oilseed or beyond the 7th tax year after the tax year for which the credit was initially claimed. If a facility  
21 in which property is installed and for which a credit is claimed ceases production of biodiesel or biolubricant for  
22 a period of 12 continuous months within 5 years after the initial claiming of a credit under this section or within  
23 5 years after a year in which the credit was carried forward, the credit is subject to recapture. The person claiming  
24 the credit is liable for the total amount of the credit in the event of recapture.

25 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax  
26 credits allowed under this section.

27 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be  
28 computed using the shareholder's pro rata share of the corporation's cost of investing in equipment necessary  
29 to crush oilseed or to manufacture a product from oilseed. In all other respects, the allowance and effect of the  
30 tax credit apply to the corporation as otherwise provided by law.

1 (9) For the purposes of this section, "biolubricant" means a commercial or industrial product, other than  
2 food or feed, that is composed in whole or in substantial part of biological products, renewable domestic  
3 agricultural materials, including plant, animal, or marine materials, or forestry materials and that is used in place  
4 of a petroleum-based lubricant."  
5

6 **Section 43.** Section 15-32-702, MCA, is amended to read:

7 **"15-32-702. Biodiesel or biolubricant production facility tax credit.** (1) ~~An~~ Through the tax year  
8 ending December 31, 2029, an individual, corporation, partnership, or small business corporation, as defined in  
9 15-30-3301, may receive a credit against taxes imposed by Title 15, chapter 30 or 31, for the costs of investments  
10 in depreciable property for constructing or equipping a facility, or both, in Montana to be used for biodiesel or  
11 biolubricant production.

12 (2) Subject to subsection (4), a taxpayer qualifying for a credit under this section is entitled to claim a  
13 credit, as provided in subsection (3), for the costs described in subsection (1) incurred in the 2 tax years before  
14 the facility begins producing biodiesel or biolubricant or in any tax year in which the facility is producing biodiesel  
15 or biolubricant.

16 (3) The total amount of the credits for all years that may be claimed for a facility under this section is 15%  
17 of the costs described in subsection (1).

18 (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this  
19 section:

20 (a) The depreciable property for which the credit is claimed must begin operating before January 1, 2015.

21 (b) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser  
22 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that  
23 manufactures biodiesel or biolubricant.

24 (ii) If more than one person has an interest in a business with qualifying property, they may allocate all  
25 or any part of the investment cost among themselves and their successors or assigns.

26 (c) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except  
27 as otherwise provided in subsection (4)(b), and, except for the 2 tax-year period claimed in subsection (2), must  
28 have been producing biodiesel or biolubricant during the tax year for which the credit is claimed and during each  
29 year in which the credit is carried forward.

30 (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the

1 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

2 (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year  
3 in which the credit was initially taken may be carried forward for credit against a taxpayer's tax liability for any  
4 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may  
5 not be carried forward to any tax year in which the facility in which the depreciable property is installed is not  
6 producing biodiesel or biolubricant or beyond the 7th tax year after the tax year for which the credit was initially  
7 claimed. If a facility for which a credit is claimed ceases production of biodiesel or biolubricant for a period of 12  
8 continuous months within 5 years after the initial claiming of a credit under this section or within 5 years after a  
9 year in which the credit was carried forward, the credit is subject to recapture. The person claiming the credit is  
10 liable for the total amount of the credit in the event of recapture.

11 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax  
12 credits allowed under this section.

13 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be  
14 computed using the shareholder's pro rata share of the corporation's cost of investing in the biodiesel or  
15 biolubricant production facility. In all other respects, the allowance and effect of the tax credit apply to the  
16 corporation as otherwise provided by law.

17 (9) As used in this section, the following definitions apply:

18 (a) "Biodiesel" has the meaning provided in 15-70-401.

19 (b) "Biolubricant" has the meaning provided in 15-32-701(9)."  
20

21 **Section 44.** Section 15-32-703, MCA, is amended to read:

22 **"15-32-703. Biodiesel blending and storage tax credit -- recapture -- report to interim committee.**

23 (1) ~~An~~ Through the tax year ending December 31, 2029, an individual, corporation, partnership, or small business  
24 corporation, as defined in 15-30-3301, may receive a credit against taxes imposed by Title 15, chapter 30 or 31,  
25 for the costs of investments in depreciable property used for storing or blending biodiesel with petroleum diesel  
26 for sale.

27 (2) Subject to subsection (4), a special fuel distributor or an owner or operator of a motor fuel outlet  
28 qualifying for a credit under this section is entitled to claim a credit, as provided in subsection (3), for the costs  
29 described in subsection (1) incurred in the 2 tax years before the taxpayer begins blending biodiesel fuel for sale  
30 or in any tax year in which the taxpayer is blending biodiesel fuel for sale.

1           (3) (a) The total amount of the credits for all years that may be claimed by a distributor under this section  
2 is 15% of the costs described in subsection (1), up to a total of \$52,500.

3           (b) The total amount of the credits for all years that may be claimed by an owner or operator of a motor  
4 fuel outlet under this section is 15% of the costs described in subsection (1), up to a total of \$7,500.

5           (4) The following requirements must also be met for a taxpayer to be entitled to a tax credit under this  
6 section:

7           (a) The investment must be for depreciable property used primarily to blend petroleum diesel with  
8 biodiesel made entirely from Montana-produced feedstocks.

9           (b) Sales of biodiesel must be at least 2% of the taxpayer's total diesel sales by the end of the third year  
10 following the initial tax year in which the credit is initially claimed.

11           (c) (i) The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser  
12 or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that blends  
13 biodiesel.

14           (ii) If more than one person has an interest in a business with qualifying property, they may allocate all  
15 or any part of the investment cost among themselves and their successors or assigns.

16           (d) The business must be owned or leased during the tax year by the taxpayer claiming the credit, except  
17 as otherwise provided in subsection (4)(c), and, except for the 2 tax-year period claimed in subsection (2), must  
18 have been blending biodiesel during the tax year for which the credit is claimed.

19           (5) The credit provided by this section is not in lieu of any depreciation or amortization deduction for the  
20 investment or other tax incentive to which the taxpayer otherwise may be entitled under Title 15.

21           (6) A tax credit allowable under this section that is not completely used by the taxpayer in the tax year  
22 in which the credit is initially claimed may be carried forward for credit against the taxpayer's tax liability for any  
23 succeeding tax year until the total amount of the credit has been deducted from tax liability. However, a credit may  
24 not be carried forward to any tax year in which the facility is not blending biodiesel or storing biodiesel for blending  
25 or beyond the 7th tax year after the tax year for which the credit was initially claimed. If a facility for which a credit  
26 is claimed ceases blending of biodiesel with petroleum diesel for sale for a period of 12 continuous months within  
27 5 years after the initial claiming of a credit under this section or within 5 years after a year in which the credit was  
28 carried forward or if the taxpayer claiming the credit fails to satisfy the conditions of subsection (4)(b), the total  
29 credit is subject to recapture. The person claiming the credit is liable for the total amount of the credit in the event  
30 of recapture.



1 (7) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by any tax  
2 credits allowed under this section.

3 (8) If the taxpayer is a shareholder of an electing small business corporation, the credit must be  
4 computed using the shareholder's pro rata share of the corporation's cost of investing in the biodiesel blending  
5 facility. In all other respects, the allowance and effect of the tax credit apply to the corporation as otherwise  
6 provided by law.

7 (9) As used in this section, "biodiesel" has the meaning provided in 15-70-401.

8 (10) The department shall report to the revenue and transportation interim committee biennially regarding  
9 the number and type of taxpayers claiming the credit under this section, the total amount of the credit claimed,  
10 and the department's cost associated with administering the credit."  
11

12 **Section 45.** Section 15-50-207, MCA, is amended to read:

13 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees.** (1) (a)  
14 ~~The~~ Through the tax year ending December 31, 2021, the additional license fees withheld or otherwise paid as  
15 provided in this chapter may be used as a credit on the contractor's corporate income tax provided for in chapter  
16 31 of this title or on the contractor's income tax provided for in chapter 30, depending upon the type of tax the  
17 contractor is required to pay under the laws of the state.

18 (b) The credit allowed under this subsection (1) may be used as a carryforward against taxes imposed  
19 by chapter 30 or 31 for the 5 succeeding tax years. The entire amount of the credit not used in the year earned  
20 must be carried first to the earliest tax year in which the credit may be applied and then to each succeeding tax  
21 year.

22 (2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's rated  
23 capacity of more than 1 ton, or truck tractors, as provided in 61-3-529, and the registration fee on light vehicles,  
24 as provided in 61-3-321(2) and 61-3-562, paid in Montana on any personal property or vehicle of the contractor  
25 that is used in the business of the contractor and is located within this state may be credited against the license  
26 fees required under this chapter. However, in computing the tax credit allowed by this section against the  
27 contractor's income tax or corporate income tax, the tax credit against the license fees required under this chapter  
28 may not be considered as license fees paid for the purpose of the income tax or corporate income tax credit."  
29

30 **Section 46.** Section 17-6-316, MCA, is amended to read:

1           **"17-6-316. Economic development loan -- infrastructure tax credit.** (1) A loan made pursuant to  
 2 17-6-309(2) must be used to build infrastructure, as provided for in 7-15-4288(4), such as water systems, sewer  
 3 systems, water treatment facilities, sewage treatment facilities, and roads, that allows the location or creation of  
 4 a business in Montana. The loan must be made to a local government that will create the necessary  
 5 infrastructure. The infrastructure may serve as collateral for the loan. The local government receiving the loan  
 6 may charge fees to the users of the infrastructure. A loan repayment agreement must provide for repayment of  
 7 the loan from the entity authorized to charge fees for the use of the services of the infrastructure. Loans made  
 8 pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate  
 9 reduction passes through to the business creating the jobs.

10           (2) A loan pursuant to 17-6-309(2) and this section may not be made until the board is satisfied that the  
 11 condition in 17-6-309(2) will be met. If the condition contained in 17-6-309(2) is not met, any credits received  
 12 pursuant to subsection (3) of this section must be returned to the state.

13           (3) ~~A~~ Through the tax year ending December 31, 2025, a business that is created or expanded as the  
 14 result of a loan made pursuant to 17-6-309(2) and subsection (1) of this section is entitled to a credit against taxes  
 15 due under Title 15, chapter 30 or 31, for the portion of the fees attributable to the use of the infrastructure. The  
 16 total amount of tax credit claimed may not exceed the amount of the loan. The credit may be carried forward for  
 17 7 tax years or carried back for 3 tax years."

18  
 19           NEW SECTION. Section 47. Repealer. The following sections of the Montana Code Annotated are  
 20 repealed:

- 21 15-30-2358.     Qualified research tax credit.
- 22 15-30-2365.     Credit for day-care facilities.
- 23 15-31-133.     Credit for day-care facilities.
- 24 15-31-150.     Credit for research expenses and research payments.

25  
 26           NEW SECTION. Section 48. Repealer. Section 6, Chapter 346, Laws of 2013, section 3, Chapter 392,  
 27 Laws of 2015, section 33, Chapter 457, Laws of 2015, and sections 1 and 2, Chapter 139, Laws of 2017, are  
 28 repealed.

29  
 30           NEW SECTION. Section 49. Codification instruction. [Section 1] is intended to be codified as an

1 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section  
2 1].

3  
4 COORDINATION SECTION. **Section 50. Coordination instruction.** If both Senate Bill No. 111 and  
5 [this act] are passed and approved, then Senate Bill No. 111 is void and [section 1 of this act] must be amended  
6 as follows:

7 "NEW SECTION. **Section 1. Tax credits to expire -- interim committee to review.** (1) The following  
8 tax credits expire on December 31, 2021:

- 9 (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;  
10 (b) the credit for contractor's gross receipts provided for in 15-50-207;  
11 (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;  
12 (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;  
13 (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; and  
14 (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

15 (2) The following tax credits expire on December 31, 2023:

- 16 (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32, part  
17 4;  
18 (b) the credit for qualified elderly care expenses provided for in 15-30-2366;  
19 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and  
20 15-31-131;  
21 (d) the credit for contributions to a university or college foundation or endowment provided for in  
22 15-30-2326, 15-31-135, and 15-31-136;  
23 (e) the credit for donations to an educational improvement account provided for in 15-30-2334,  
24 15-30-3110, and 15-31-158; and  
25 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111,  
26 and 15-31-159.

27 (3) The following tax credits expire on December 31, 2025:

- 28 (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-132;  
29 (b) the credit for installation of a geothermal system provided for in 15-32-115;  
30 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,

1 chapter 32, part 6;

2 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-137;

3 ~~and~~

4 (e) the credit for infrastructure use fees provided for in 17-6-316; and

5 (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329,

6 15-31-161, and 15-31-162.

7 (4) The following tax credits expire on December 31, 2027:

8 (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

9 (b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;

10 (c) the credit for capital gains provided for in 15-30-2301;

11 (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-134;

12 (e) the credit for an oilseed crush facility provided for in 15-32-701; and

13 (f) the credit for unlocking state lands provided for in 15-30-2380.

14 (5) The following tax credits expire on December 31, 2029:

15 (a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;

16 (b) the biodiesel blending and storage credit provided for in 15-32-703;

17 (c) the adoption tax credit provided for in 15-30-2364;

18 (d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;

19 (e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and

20 15-31-173; and

21 (f) the earned income tax credit provided for in 15-30-2318.

22 (2) The revenue and transportation interim committee shall review the tax credits scheduled to expire

23 in the year of the next regular legislative session and make recommendations to the legislature about whether

24 to extend the expiration dates. The legislature may extend the expiration dates by amending this section and the

25 section granting the credit. If the committee extends the expiration date, there is a preference for a new expiration

26 date no more than 10 years from the date of the previous expiration date. The revenue and transportation interim

27 committee shall review the expiring credits using the following criteria:

28 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that  
29 may have been made regardless of the existence of the tax credit;

30 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

- 1 (c) whether the credit has out-of-state beneficiaries;
- 2 (d) the timing of costs and benefits of the credit and how long the credit is effective;
- 3 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or  
4 elimination outweigh adverse impacts; and
- 5 (f) the extent to which benefits of the credit affect the larger economy."
- 6

7 COORDINATION SECTION. Section 51. Coordination instruction. If both Senate Bill No. 111 and  
8 [this act] are passed and approved, then Senate Bill No. 111 is void and 15-30-2328 is amended as follows:

9 **"15-30-2328. (Temporary) Credit for contributions to qualified endowment -- recapture of credit**  
10 **-- deduction included as income.** (1) ~~A~~ Through the tax year ending December 31, 2025, a taxpayer is allowed  
11 a tax credit against the taxes imposed by 15-30-2103 or 15-31-101 in an amount equal to 40% of the present  
12 value of the aggregate amount of the charitable gift portion of a planned gift made by the taxpayer during the year  
13 to any qualified endowment. The maximum credit that may be claimed by a taxpayer for contributions made from  
14 all sources in a year is \$10,000. The credit allowed under this section may not exceed the taxpayer's income tax  
15 liability.

16 (2) The credit allowed under this section may not be claimed by an individual taxpayer if the taxpayer  
17 has included the full amount of the contribution upon which the amount of the credit was computed as a deduction  
18 under 15-30-2131(1) or 15-30-2152(2).

19 (3) There is no carryback or carryforward of the credit permitted under this section, and the credit must  
20 be applied to the tax year in which the contribution is made.

21 (4) If during any tax year a charitable gift is recovered by the taxpayer, the taxpayer shall:

22 (a) include as income the amount deducted in any prior year that is attributable to the charitable gift to  
23 the extent that the deduction reduced the taxpayer's individual income tax or corporate income tax; and

24 (b) increase the amount of tax due under 15-30-2103 or 15-31-101 by the amount of the credit allowed  
25 in the tax year in which the credit was taken. ~~(Terminates December 31, 2019--secs. 2 through 8, Ch. 317, L.~~  
26 ~~2013.)"~~

27

28 COORDINATION SECTION. Section 52. Coordination instruction. If both Senate Bill No. 111 and  
29 [this act] are passed and approved, then Senate Bill No. 111 is void and 15-30-2329 is amended as follows:

30 **"15-30-2329. (Temporary) Beneficiaries of estates -- credit for contribution to qualified**

1 **endowment.** ~~A Through the tax year ending December 31, 2025,~~ a contribution to a qualified endowment, as  
 2 defined in 15-30-2327, by an estate qualifies for the credit provided in 15-30-2328 if the contribution is a planned  
 3 gift or in 15-31-161 if the contribution is an outright gift to a qualified endowment. Any credit not used by the estate  
 4 may be attributed to each beneficiary of the estate in the same proportion used to report the beneficiary's income  
 5 from the estate for Montana income tax purposes. The maximum amount of credit that a beneficiary may claim  
 6 is \$10,000, subject to the limitation in 15-30-2328(2), and the credit must be claimed in the year in which the  
 7 contribution is made. The credit may not be carried forward or carried back. ~~(Terminates December 31,~~  
 8 ~~2019--secs. 2 through 8, Ch. 317, L. 2013.)"~~

9  
 10 COORDINATION SECTION. **Section 53. Coordination instruction.** If both Senate Bill No. 111 and  
 11 [this act] are passed and approved, then Senate Bill No. 111 is void and 15-31-161 is amended as follows:

12 **"15-31-161. (Temporary) Credit for contribution by corporations to qualified endowment --**  
 13 **recapture of credit -- deduction included as income.** (1) ~~A Through the tax year ending December 31, 2025,~~  
 14 ~~a~~ corporation is allowed a credit in an amount equal to 20% of a charitable gift against the taxes otherwise due  
 15 under 15-31-101 for charitable contributions made to a qualified endowment, as defined in 15-30-2327. The  
 16 maximum credit that may be claimed by a corporation for contributions made from all sources in a year under this  
 17 section is \$10,000. The credit allowed under this section may not exceed the corporate taxpayer's income tax  
 18 liability. The credit allowed under this section may not be claimed by a corporation if the taxpayer has included  
 19 the full amount of the contribution upon which the amount of the credit was computed as a deduction under  
 20 15-31-114. There is no carryback or carryforward of the credit permitted under this section, and the credit must  
 21 be applied to the tax year in which the contribution is made.

22 (2) If during any tax year a charitable gift is recovered by the corporation, the corporation shall:

23 (a) include as income the amount deducted in any prior year that is attributable to the charitable gift to  
 24 the extent that the deduction reduced the taxpayer's corporate income tax or alternative corporate income tax;  
 25 and

26 (b) increase the amount of tax due under 15-31-101 by the amount of the credit allowed in the tax year  
 27 in which the credit was taken. ~~(Terminates December 31, 2019--secs. 2 through 8, Ch. 317, L. 2013.)"~~

28  
 29 COORDINATION SECTION. **Section 54. Coordination instruction.** If both Senate Bill No. 111 and  
 30 [this act] are passed and approved, then Senate Bill No. 111 is void and 15-31-162 is amended as follows:

