

HOUSE BILL NO. 330

INTRODUCED BY G. GOLIE

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INDIVIDUAL INCOME TAX CREDIT FOR HIGHER EDUCATION EXPENSES; PROVIDING THAT THE CREDIT IS EQUAL TO 10 PERCENT OF THE FEDERAL HOPE SCHOLARSHIP CREDIT AND THE LIFETIME EARNING CREDIT BUT MAY NOT EXCEED \$500; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Credit for higher education expenses.** (1) There is allowed as a credit against the taxes imposed by 15-30-103 a percentage of the credit allowed under federal law for the hope scholarship credit and the lifetime learning credit as provided in 26 U.S.C. 25A.

(2) The amount of the credit allowed for a tax year is 10% of the total credits determined under 26 U.S.C. 25A, but may not exceed \$500. The credit allowed by this section may not exceed the taxpayer's income tax liability for the current year.

(3) There is no carryforward or carryback of the credit permitted under this section, and the credit must be applied to the tax year in which the federal credit is taken. Any recapture of credits claimed under 26 U.S.C. 25A must also be applied pro rata to credits that were claimed under this section.

NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 4. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2000.

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