

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A REFUNDABLE EARNED INCOME TAX CREDIT
5 BASED ON A PERCENTAGE OF THE FEDERAL EARNED INCOME CREDIT; REQUIRING THAT A TAXPAYER
6 BE A PARTICIPANT IN A STATE PROGRAM FOR TEMPORARY ASSISTANCE TO NEEDY FAMILIES TO
7 QUALIFY FOR THE CREDIT; REQUIRING THE DEPARTMENT OF REVENUE TO REPORT STATISTICAL
8 INFORMATION ABOUT THE CREDIT TO THE MONTANA LEGISLATURE AND TO THE GOVERNOR; AND
9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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13 NEW SECTION. **Section 1. Earned income tax credit -- limitations.** (1) There is allowed as a credit
14 against the tax imposed by 15-30-103 a percentage of the credit allowed for the federal earned income
15 credit for which a resident individual taxpayer is eligible for the tax year under section 32 of the Internal
16 Revenue Code, 26 U.S.C. 32. A taxpayer claiming the credit under this section must be a participant,
17 during any part of the tax year, in a state program funded by temporary assistance for needy families
18 under Title 53, chapter 4.

19 (2) The amount of the credit allowed under subsection (1) is 20% of the amount of the credit
20 determined for the tax year under section 32 of the Internal Revenue Code.

21 (3) Except married taxpayers living apart who are treated as single under section 7703(b) of the
22 Internal Revenue Code, 26 U.S.C. 7703(b), the credit is not allowed to married taxpayers if the husband
23 and wife report their income on separate tax returns.

24 (4) The credit is not allowed for a taxpayer other than a resident of the state.

25 (5) In the case of married taxpayers filing separately on the same return, the taxpayers shall
26 combine their income to determine the amount of the credit due under this section.

27 (6) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the
28 taxpayer's tax liability or, if the taxpayer has no tax liability, a refund equal to the amount of the credit.

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30 NEW SECTION. **Section 2. Report on earned income credit.** (1) The department shall report to



1 the revenue and taxation interim committee at least once each year the number of taxpayers claiming the
2 credit under [section 1] and the total credit claimed. The report must also include but is not limited to
3 information about the average credit claimed and the number of credits and the average credit claimed by
4 taxpayers in each county.

5 (2) The department shall also report the information required under subsection (1) to the Montana
6 legislature and the governor during each regular session of the legislature.

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8 NEW SECTION. **Section 3. Codification instruction.** (1) [Section 1] is intended to be codified as
9 an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply
10 to [section 1].

11 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 1, part 2, and the
12 provisions of Title 15, chapter 1, part 2, apply to [section 2].

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

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16 NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the
17 meaning of 1-2-109, to tax years beginning after December 31, 2000.

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