

HOUSE BILL NO. 529

INTRODUCED BY KAUFMANN

1
2
3
4 A BILL FOR AN ACT ENTITLED: "~~AN ACT PROVIDING FOR AT-RISK FAMILY STABILIZATION; ALLOWING~~
5 ~~A REFUNDABLE EARNED INCOME TAX CREDIT BASED ON A PERCENTAGE OF THE FEDERAL EARNED~~
6 ~~INCOME CREDIT FOR PERSONS ELIGIBLE FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES;~~
7 ~~REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO NOTIFY TAXPAYERS~~
8 ~~OF THEIR POTENTIAL ELIGIBILITY FOR THE CREDIT; REQUIRING THE DEPARTMENT OF REVENUE TO~~
9 ~~REPORT STATISTICAL INFORMATION ABOUT THE CREDIT TO THE MONTANA LEGISLATURE AND TO~~
10 ~~THE GOVERNOR; PROVIDING FOR A CHILD SUPPORT PASS-THROUGH PAYMENT AND INCOME~~
11 ~~DISREGARD FOR THOSE ON TEMPORARY ASSISTANCE FOR NEEDY FAMILIES; AND PROVIDING AN~~
12 ~~EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."~~

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

15
16 ~~NEW SECTION. Section 1. Earned income tax credit. (1) There is allowed as a credit against the~~
17 ~~tax imposed by 15-30-103 the applicable percentage of the credit allowed for the federal earned income credit~~
18 ~~for which a qualified resident individual taxpayer is eligible for the tax year under section 32 of the Internal~~
19 ~~Revenue Code, 26 U.S.C. 32.~~

20 ~~(2) To qualify for a credit under this section, the taxpayer must, on the last day of the tax year, have~~
21 ~~been eligible to receive temporary assistance for needy families under Title 53, chapter 4, part 2.~~

22 ~~(3) For tax years beginning after December 31, 2004, the amount of the credit allowed under subsection~~
23 ~~(1) is 15% of the amount of the credit determined for the tax year under section 32 of the Internal Revenue Code,~~
24 ~~26 U.S.C. 32.~~

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

28 ~~(5) In the case of married taxpayers filing separately on the same return, the tax credit allowed under~~
29 ~~this section may be applied against the tax of either the husband or the wife or divided between them as they~~
30 ~~may elect.~~

1 ~~———(6) The credit is not allowed for temporary residents or nonresidents of the state.~~

2 ~~———(7) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the taxpayer's~~
 3 ~~tax liability or, if the taxpayer has no tax liability, a refund equal to the amount of the credit.~~

4
 5 ~~———**NEW SECTION. Section 2. Notification of eligibility of earned income tax credit.** The department~~
 6 ~~of public health and human services shall periodically, but not less than every 3 years, make efforts to inform~~
 7 ~~taxpayers that they may be eligible to receive the credit allowed under [section 1].~~

8
 9 ~~———**NEW SECTION. Section 3. Report on earned income tax credit.** (1) The department shall report to~~
 10 ~~the revenue and transportation interim committee and the children, families, health, and human services interim~~
 11 ~~committee at least once each year on the number of taxpayers claiming the credit under [section 1] and the total~~
 12 ~~credit claimed. The report must also include but is not limited to information about the average credit claimed~~
 13 ~~and the number of credits and the average credit claimed by taxpayers in each county.~~

14 ~~———(2) The department shall also report the information required under subsection (1) to the Montana~~
 15 ~~legislature, as provided in 5-11-210, and to the governor during each regular session of the legislature.~~

16
 17 ~~———**NEW SECTION. Section 4. Payment of federal funds.** Each year, the department shall, to the extent~~
 18 ~~permitted under federal law, transfer from the temporary assistance to needy families block grant received as~~
 19 ~~federal special revenue to the general fund the amount necessary to pay the refundable portion of the earned~~
 20 ~~income tax credit allowed in [section 1].~~

21
 22 ~~**NEW SECTION. Section 1. Child support payment pass-through and income disregard.** (1) For~~
 23 ~~those families receiving monthly grants of temporary assistance for needy families, an amount equal to the~~
 24 ~~amount of CURRENT child support collected on behalf of the family FOR THE CURRENT MONTH, NOT INCLUDING~~
 25 ~~ARREARAGES, up to \$100 for each family, must be disregarded in determining the income and eligibility~~
 26 ~~calculations for the grant, and that amount must be passed through to the family.~~

27 ~~(2) THE DEPARTMENT SHALL USE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT FUNDS RECEIVED~~
 28 ~~AS FEDERAL SPECIAL REVENUE FOR THE PURPOSES OF SUBSECTION (1).~~

29
 30 ~~**NEW SECTION. Section 2. Codification instruction.** (1) [Section 1] is intended to be codified as an~~

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

2 ~~———— (2) [Sections 2 and 3] are intended to be codified as an integral part of Title 15, chapter 1, part 2, and~~
3 ~~the provisions of Title 15, chapter 1, part 2, apply to [sections 2 and 3].~~

4 ~~———— (3) [Sections 4 and 5 SECTION 1] are IS intended to be codified as an integral part of Title 53, chapter~~
5 ~~4, part 2, and the provisions of Title 53, chapter 4, part 2, apply to [sections 4 and 5 SECTION 1].~~

6
7 NEW SECTION. Section 3. Effective dates DATE. (1) ~~Except as provided in subsection (2), [this act]~~
8 ~~is effective on passage and approval.~~

9 ~~———— (2) [Section 5 THIS ACT] is effective July 1, 2005.~~

10
11 ~~———— NEW SECTION. Section 8. Retroactive applicability. [Sections 1 through 4] apply retroactively, within~~
12 ~~the meaning of 1-2-109, to tax years beginning after December 31, 2004.~~

13 ~~————~~ - END -