

SENATE BILL NO. 501

INTRODUCED BY MCGEE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR EMPLOYING MEMBERS OF THE
5 MONTANA NATIONAL GUARD OR MONTANA RESERVISTS IN THE ARMY, NAVY, MARINE CORPS, COAST
6 GUARD, OR AIR FORCE READY RESERVES; PROVIDING THAT THE CREDIT APPLIES TO THE
7 INDIVIDUAL INCOME TAX, CORPORATE LICENSE TAX, AND CORPORATION INCOME TAX;
8 ESTABLISHING CONDITIONS FOR THE CREDIT BASED UPON EMPLOYMENT; AUTHORIZING A CREDIT
9 FOR SELF-EMPLOYED INDIVIDUALS AND EMPLOYERS WHO THEMSELVES ARE MEMBERS OF THE
10 MONTANA NATIONAL GUARD OR MONTANA RESERVISTS IN THE ARMY, NAVY, MARINE CORPS, COAST
11 GUARD, OR AIR FORCE READY RESERVES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
12 A RETROACTIVE APPLICABILITY DATE."

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

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16 NEW SECTION. Section 1. Tax credit for employers of national guard or reserve. (1) An employer
17 is entitled to a credit against taxes otherwise due under this chapter based upon the number of the taxpayer's
18 employees that are members of the MONTANA national guard or MONTANA RESERVISTS SERVING IN THE army, navy,
19 marine corps, COAST GUARD, or air force ready reserves as provided in [section 2].

20 (2) A self-employed individual or an employer who is a member of the MONTANA national guard or A
21 MONTANA RESERVIST SERVING IN THE army, navy, marine corps, COAST GUARD, or air force ready reserves is
22 entitled to a credit equal to the amount allowed for ~~an~~ A QUALIFIED employee ~~member~~.

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24 NEW SECTION. Section 2. Tax credit for employers of national guard or reserve. (1) An employer
25 is entitled to a credit against taxes otherwise due under this chapter based upon the number of the taxpayer's
26 QUALIFIED employees that are members of the MONTANA national guard or MONTANA RESERVISTS SERVING IN THE
27 army, navy, marine corps, COAST GUARD, or air force ready reserves.

28 (2) (a) The taxpayer is entitled to a credit of \$50 for each qualified employee that is a member of the
29 MONTANA national guard or A MONTANA RESERVIST SERVING IN THE army, navy, marine corps, COAST GUARD, or air
30 force ready reserves on the last day of the tax year.

- 1 (b) ~~To qualify for the credit, the~~ A QUALIFIED EMPLOYEE IS AN employee WHO:
- 2 (i) (A) IS SERVING UNDER TITLE 10 IF A MEMBER OF THE MONTANA NATIONAL GUARD OR SERVING UNDER TITLE
- 3 10 OF THE UNITED STATES CODE IF THE EMPLOYEE IS A MONTANA RESERVIST SERVING IN THE ARMY, NAVY, MARINE
- 4 CORPS, COAST GUARD, OR AIR FORCE READY RESERVES;
- 5 ~~(A)(B) must have been~~ IS employed by the taxpayer on the last day of the tax year;
- 6 ~~(B)(C) must have~~ HAS been employed for at least 9 months during the tax year; and
- 7 ~~(C)(D) must have~~ HAS been employed an average of at least 20 hours a week while employed by the
- 8 taxpayer during the tax year; or
- 9 (ii) would have met the requirements of subsection (2)(b)(i) except that the employee was called to
- 10 active duty while an employee.
- 11 (3) If the amount of the credit under this section exceeds the taxpayer's liability, the credit may be
- 12 carried forward 7 years.
- 13 (4) If the credit allowed under this section is claimed by a small business corporation, as defined in
- 14 15-30-1101, ~~a pass-through entity,~~ or a partnership, the credit must be attributed to THE shareholders, owners,
- 15 or partners using the same proportion as used to report the entity's income or loss.
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- 17 NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an
- 18 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].
- 19 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions
- 20 of Title 15, chapter 31, apply to [section 2].
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- 22 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.
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- 24 NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the
- 25 meaning of 1-2-109, to tax years beginning after December 31, 2004.
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