



AN ACT EXPANDING THE INDIVIDUAL INCOME TAX AND CORPORATE LICENSE TAX CREDIT FOR CONTRIBUTIONS TO FOUNDATIONS AND ENDOWMENT FUNDS OF A UNIVERSITY OR COLLEGE TO INCLUDE FOUNDATIONS AND ENDOWMENT FUNDS OF COMMUNITY COLLEGES, TRIBAL COLLEGES, AND UNITS OR CAMPUSES OF THE MONTANA UNIVERSITY SYSTEM; AMENDING SECTIONS 15-30-2326, 15-31-135, 15-31-136, AND 20-26-603, MCA; AND PROVIDING AN APPLICABILITY DATE.

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

Section 1. Section 15-30-2326, MCA, is amended to read:

"15-30-2326. Credit for contributions to university system or private college foundations and endowment funds. (1) (a) An individual, corporation, partnership, or small business corporation, as defined in 15-30-3301, is allowed a tax credit against taxes imposed by 15-30-2103 or 15-31-101 in an amount equal to 10% of the aggregate amount of charitable contributions made by the taxpayer during the year to a foundation or a general endowment fund of:

(i) any of the general endowment funds of the Montana university system or any unit or campus of the Montana university system;

(ii) foundations or a general endowment fund of a Montana private college or its foundation;

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

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

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

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

(3) (a) For the purposes of this section, "foundation" means a nonprofit organization that is created exclusively for the benefit of any unit of the Montana university system, ~~or~~ a Montana private college, a community

college, or a tribal college and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

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

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

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

Section 2. Section 15-31-135, MCA, is amended to read:

"15-31-135. Contribution by small business corporation. A contribution to a foundation or a general endowment fund of ~~the Montana university system or a Montana private college~~ by a small business corporation, ~~as defined in 15-30-3304,~~ certain universities and colleges by a small business corporation qualifies for the credit ~~in~~ under the provisions of 15-30-2326. The credit must be attributed to shareholders; using the same proportion used to report the corporation's income or loss for Montana income tax purposes."

Section 3. Section 15-31-136, MCA, is amended to read:

"15-31-136. Contribution by partnership. A contribution to a foundation or a general endowment fund of ~~the Montana university system or a Montana private college~~ certain universities and colleges by a partnership qualifies for the credit ~~in~~ under the provisions of 15-30-2326. The credit must be attributed to partners; using the same proportion used to report the partnership's income or loss for Montana tax purposes."

Section 4. Section 20-26-603, MCA, is amended to read:

"20-26-603. Definitions. As used in this part, the following definitions apply:

(1) "Accredited" means a school that is accredited by the board of public education pursuant to 20-7-102.

(2) "Board" means the board of regents of higher education created by Article X, section 9(2), of the Montana constitution.

(3) "Council" means the governor's postsecondary scholarship advisory council created in 2-15-1524.

(4) "Montana private college" means a nonprofit private educational institution ~~as defined in 15-30-2326(3)(b);~~

(a) with its main campus and primary operations located within the state; and
(b) that offers education on the level of a baccalaureate degree and is accredited for that purpose by a national or regional accrediting agency recognized by the board.

(5) "Postsecondary institution" means:

(a) a unit of the Montana university system, as defined in 20-25-201;

(b) a Montana community college, defined and organized as provided in 20-15-101; or

(c) an accredited tribal community college located in the state of Montana.

(6) "Scholarship" means a payment toward the cost of attendance at a qualifying postsecondary institution, rounded up to the nearest dollar.

(7) "Title IV" refers to Title IV of the Higher Education Act of 1965, as amended."

Section 5. Notification to tribal governments. The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

Section 6. Applicability. [This act] applies to tax years beginning after December 31, 2011.

- END -

I hereby certify that the within bill,
HB 0467, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2011.

President of the Senate

Signed this _____ day
of _____, 2011.

HOUSE BILL NO. 467

INTRODUCED BY R. BRODEHL, R. OSMUNDSON, B. BECK, S. LAVIN, J. READ, S. GIBSON, L. EVANS,
R. ZINKE, D. KENNEDY, E. WALKER, T. BERRY, G. VANCE, M. MILLER, J. O'NEIL, E. GREEF, J. SESSO,
M. CUFFE, R. HOLLANDSWORTH, D. ROBERTS, B. MCCHESENEY, C. HINER, K. WILLIAMS, R. COOK,
G. HOLLENBAUGH

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