

HOUSE BILL NO. 595

INTRODUCED BY T. JACOBSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT FOR CHARITABLE CONTRIBUTIONS
5 MADE TO A QUALIFIED ENTITY FOR DISTRIBUTION TO INDIVIDUAL DEVELOPMENT ACCOUNTS;
6 PROVIDING RULEMAKING AUTHORITY; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A
7 RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

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11 NEW SECTION. **Section 1. Credit for contribution to individual development account.** There is a
12 credit against taxes otherwise due under this chapter allowable for charitable contributions made for distribution
13 to individual development accounts established under the Assets for Independence Act, 42 U.S.C. 604 note. The
14 credit must be computed and administered as provided in [section 2].

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16 NEW SECTION. **Section 2. Credit for contribution to individual development account -- limitations**
17 **-- rulemaking.** (1) A taxpayer is allowed a tax credit in a preapproved amount as provided in this section against
18 taxes imposed by 15-30-2103 or 15-31-101 for charitable contributions made by the taxpayer during the year to
19 a qualified entity for distribution to individual development accounts established under the Assets for
20 Independence Act, 42 U.S.C. 604 note. Subject to subsection (6), the amount of the credit allowed is equal to
21 40% of the aggregate amount of the contribution.

22 (2) The credit allowed for a tax year may not exceed the taxpayer's income tax liability under Title 15,
23 chapter 30 or 31. A credit may not be refunded if a taxpayer has tax liability less than the amount of the credit.

24 (3) The credit may be used as a carryforward against taxes imposed by Title 15, chapter 30 or 31, for
25 the 3 succeeding tax years. The entire amount of the credit not used in the year earned must be carried first to
26 the earliest tax year in which the credit may be applied and then to each succeeding tax year.

27 (4) A taxpayer may not claim a current year credit under this section after December 31, 2021. However,
28 any unused credit may be carried forward as provided in subsection (3).

29 (5) If the credit is claimed by a partnership, a small business corporation, a limited liability partnership,
30 or a limited liability company, the credit must be attributed to the individual shareholders, partners, members, or

1 managers in the same proportion used to report income or loss for state tax purposes.

2 (6) (a) The aggregate amount of tax credits allowed under this section is \$400,000 every 2 calendar
3 years beginning in tax year 2013.

4 (b) The department shall approve the amount of tax credits for taxpayers on a first-come, first-served
5 basis based on the aggregate amount of tax credits remaining pursuant to subsection (6)(a).

6 (c) Before making a contribution to a qualified entity for distribution to an individual development account,
7 a taxpayer shall between January 1 and October 1 of the year in which the credit is sought notify the department
8 of the total amount of contributions that the taxpayer intends to make during the tax year. The taxpayer shall use
9 a form that is approved by the department for the notification, and the department shall preapprove or deny the
10 requested amount within 30 days after receiving the request from the taxpayer. To receive a tax credit under this
11 section, a taxpayer shall make the contribution to the qualified entity within 30 days after receiving notice from
12 the department that the requested amount was preapproved. If the taxpayer does not make the contribution within
13 the required time, the department may not include the preapproved contribution amount when calculating the
14 aggregate amount of tax credits remaining pursuant to subsection (6)(a) and the taxpayer may not receive the
15 credit.

16 (d) Preapproval of contributions by the department must be based solely on the availability of tax credits
17 subject to the aggregate total limit established in subsection (6)(a).

18 (e) To claim a tax credit under this section, a taxpayer shall attach a form that is approved by the
19 department to the taxpayer's tax return confirming that a contribution was made. The form must be signed by the
20 qualified entity and include the taxpayer's name, address, and tax identification number, the amount of the
21 contribution, the date of the contribution, and the amount of the credit.

22 (7) An exclusion, deduction, or credit is not allowed under any other provision of Title 15, chapter 30 or
23 31, with respect to any amount for which a credit is allowed under this section. This section does not prevent a
24 taxpayer from claiming an exclusion, deduction, or credit for charitable contributions that exceed the amount for
25 which the credit is allowed under this section.

26 (8) For the purposes of this section, "qualified entity" means an organization selected to administer
27 money contributed to individual development accounts pursuant to the Assets for Independence Act, 42 U.S.C.
28 604 note, that is:

29 (a) a nonprofit organization described in section 501(c)(3) of the Internal Revenue Code, 26 U.S.C.
30 501(c)(3), and exempt from taxation under section 501(a) of the Internal Revenue Code, 26 U.S.C. 501(a); or

1 (b) a state or local government agency or a tribal government that submitted an application under section
2 405 of the Assets for Independence Act, 42 U.S.C. 604 note, jointly with an organization described in subsection
3 (8)(a).

4 (9) The department may adopt rules, prepare forms, and maintain records that are necessary to compute
5 and administer tax credits under this section.

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7 **NEW SECTION. Section 3. Codification instruction.** (1) [Section 1] is intended to be codified as an
8 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
9 1].

10 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the
11 provisions of Title 15, chapter 31, part 1, apply to [section 2].

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

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15 **NEW SECTION. Section 5. Retroactive applicability.** [This act] applies retroactively, within the
16 meaning of 1-2-109, to tax years beginning after December 31, 2012.

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18 **NEW SECTION. Section 6. Termination.** [This act] terminates December 31, 2021.

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