

HOUSE BILL NO. 595

INTRODUCED BY S. FITZPATRICK

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INDIVIDUAL INCOME TAX CREDIT FOR HIGHER EDUCATION EXPENSES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Tax credit for qualified higher education expenses. (1) There is a credit

against taxes otherwise due under 15-30-2103 allowable for qualified higher education expenses paid by a resident taxpayer for the taxpayer, the taxpayer's spouse, or a dependent claimed on the tax return.

(2) Qualified higher education expenses are amounts paid for tuition, fees, and other related expenses that are required for enrollment or attendance at a college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program run by the U.S. department of education. The educational institution is not required to be located in the state of Montana.

(3) The credit allowed under this section is equal to the qualified higher education expenses paid but may not exceed \$1,000 per student.

(4) If the credit allowed under this section is claimed, the amount of any deduction or credit allowed or allowable under this chapter for the amount that qualifies for this credit or on which this credit is based must be reduced by the dollar amount of the credit allowed in this section. The election to claim a credit allowed under this section must be made at the time of filing the tax return.

(5) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 15 years.

(6) Pursuant to 5-4-104, the legislature finds that the purpose of the tax credit provided for in this section is to:

- (a) support a more highly educated workforce for development of the Montana economy; and
- (b) encourage Montana families to get the best education possible.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an

integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section



1 1].

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3 NEW SECTION. **Section 3. Severability.** If a part of [this act] is invalid, all valid parts that are severable
4 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
5 remains in effect in all valid applications that are severable from the invalid applications.

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

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9 NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the
10 meaning of 1-2-109, to tax years beginning after December 31, 2014.

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- END -