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1	HOUSE BILL NO. 416					
2	INTRODUC	ED BY J. HAMILTON,	D. FERN, E. ST	AFMAN, R. FITZGERA	LD, J. FITZPATRICK, P. TUSS	
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4	A BILL FOR AI	N ACT ENTITLED: "AN		IG AN INCOME TAX C	REDIT FOR RENTING A	
5	DWELLING LE	DWELLING LESS THAN MARKET RATE; PROVIDING THAT THE CREDIT IS AVAILABLE FOR DWELLINGS				
6	RENTED AT 130% OR LESS OF FAIR MARKET RENT; PROVIDING THAT THE CREDIT MAY BE CLAIMED					
7	BY INDIVIDUALS, PASS-THROUGHS, OR CORPORATIONS; PROVIDING THAT THE CREDIT MAY BE					
8	CARRIED FORWARD FOR 3 YEARS; PROVIDING DEFINITIONS; AMENDING SECTION 15-30-2303, MCA;					
9	AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE."					
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11	BE IT ENACTE	D BY THE LEGISLATU	JRE OF THE ST	TATE OF MONTANA:		
12						
13	NEW S	SECTION. Section 1.	Credit for renti	ng dwelling for less t	han market rate. (1) A taxpayer or	
14	corporation is a	allowed a credit against	the tax imposed	d by chapter 30 or 31 fc	or renting a dwelling for less than	
15	market rate. The credit is available to a taxpayer or corporation that charges rent on a dwelling of less than					
16	130% of fair market rent for the county in which the property is located.					
17	(2)	The amount of the cre	edit is equal to:			
18	(a)	40% of forgone rent i	n the first year th	e credit is claimed;		
19	(b)	45% of forgone rent i	n the second and	d third consecutive year	rs the credit is claimed; and	
20	(c)	50% in the fourth con	secutive year the	e credit is claimed.		
21	(3)	A dwelling for which t	he credit is clain	ned must meet the hous	sing quality standards for the	
22	housing choice	voucher program prov	rided for in 24 CF	R, part 982.401.		
23	(4)	The credit allowed un	der this section	may not exceed the tax	payer's income tax liability but	
24	may be carried	forward 3 years. The e	entire amount of	the tax credit not used	in the year earned must be carried	
25	first to the earliest tax year in which the credit may be applied and then to each succeeding tax year.					
26	(5)	If the credit allowed u	nder this sectior	is claimed by a small l	ousiness corporation, a pass-	
27	through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the					
28 same proportion as used to report the entity's income or loss.						
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1 (6) The credit may not be claimed for a dwelling for which the rent is limited due to participation in any other program that provides a benefit to the property owner for limiting the rent. 2 3 (7) The department may disallow the credit when the landlord and tenant have not dealt at arm's 4 length. 5 (8) A small business corporation, a pass-through entity, or a partnership may not claim the credit 6 for a dwelling rented to an employee. 7 (9) The taxpayer or corporation shall file with each claim for the credit a receipt or lease agreement 8 showing rent paid on the dwelling. In addition, a taxpayer or corporation shall, at the request of the department, 9 supply all additional information necessary to support a claim for the credit. 10 (10)Pursuant to 5-4-104, the purpose of this credit is to incentivize voluntary rent reduction, which 11 may lower rents more generally. 12 For the purposes of [section 2] and this section, the following definitions apply: (11) 13 (a) "Dwelling" means a single-family dwelling or unit of a multiple-unit dwelling that is subject to 14 property taxes in Montana. 15 (b) "Fair market rent" means the fair market rent based on the size of the dwelling as published 16 annually by the U.S. department of housing and urban development. 17 (c) "Forgone rent" means the difference between 130% of fair market rent for the county in which 18 the property is located and the actual rent charged. 19 20 NEW SECTION. Section 2. Credit for renting dwelling for less than market rate. (1) There is a 21 credit against the tax liability under this chapter for renting a dwelling for less than market rate as provided in 22 [section 1]. 23 (2) A corporation may not claim the credit for a dwelling rented to an employee. 24 25 Section 3. Section 15-30-2303, MCA, is amended to read: Tax credits subject to review by interim committee. (1) The following tax credits 26 "15-30-2303. 27 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10 28 years thereafter:



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1	(a)	the credit for contractor's gross receipts provided for in 15-50-207; and				
2	(b)	the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.				
3	(2)	The following tax credits must be reviewed during the biennium commencing July 1, 2021, and				
4	during each biennium commencing 10 years thereafter:					
5	(a)	the credit for donations to an educational improvement account provided for in 15-30-2334, 15-				
6	30-3110, and 15-31-158; and					
7	(b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-					
8	30-3111, and 15-31-159.					
9	(3)	The following tax credits must be reviewed during the biennium commencing July 1, 2023, and				
10	during each biennium commencing 10 years thereafter:					
11	(a)	the credit for infrastructure use fees provided for in 17-6-316;				
12	(b)	the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-				
13	2329, 15-31-161, and 15-31-162; and					
14	(c)	the credit for property to recycle or manufacture using recycled material provided for in Title 15,				
15	chapter 32, part 6.					
16	(4)	The following tax credits must be reviewed during the biennium commencing July 1, 2025, and				
17	during each biennium commencing 10 years thereafter:					
18	(a)	the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;				
19	(b)	the credit for unlocking state lands provided for in 15-30-2380;				
20	(c)	the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and				
21	(d)	the credit for trades education and training provided for in 15-30-2359 and 15-31-174: and				
22	<u>(e)</u>	the credit for renting a dwelling for less than market rate provided for in [sections 1 and 2].				
23	(5)	The following tax credits must be reviewed during the biennium commencing July 1, 2027, and				
24	during each biennium commencing 10 years thereafter:					
25	(a)	the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357				
26	and 15-31-173;					
27	(b)	the earned income tax credit provided for in 15-30-2318; and				
28	(c)	the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.				
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1	(6)	The revenue interim co	ommittee shall review the t	ax credits scheduled for review and make		
2	recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about					
3	whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date					
4	or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or					
5	terminate.					
6	(7)	The revenue interim co	ommittee shall review the	credits using the following criteria:		
7	(a)	whether the credit changes taxpayer decisions, including whether the credit rewards decisions				
8	that may have been made regardless of the existence of the tax credit;					
9	(b)	to what extent the credit benefits some taxpayers at the expense of other taxpayers;				
10	(c)	whether the credit has	out-of-state beneficiaries;			
11	(d)	the timing of costs and benefits of the credit and how long the credit is effective;				
12	(e)	any adverse impacts of the credit or its elimination and whether the benefits of continuance or				
13	elimination outweigh adverse impacts; and					
14	(f)	the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)				
15	terminates December 31, 2026sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028					
16	sec. 24(1), Ch. 550, L. 2021.)"					
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18	<u>NEW S</u>	SECTION. Section 4.	Codification instruction.	(1) [Section 1] is intended to be codified as an		
19	integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section					
20	1].					
21	(2)	[Section 2] is intended	to be codified as an integ	al part of Title 15, chapter 31, part 1, and the		
22	provisions of Title 15, chapter 31, part 1, apply to [section 2].					
23						
24	NEW SECTION. Section 5. Applicability. [This act] applies to income tax years beginning after					
25	December 31,	2023.				
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27	<u>NEW S</u>	SECTION. Section 6.	Termination. [This act] ter	minates December 31, 2027.		
28			- END -			
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