

# **INDIVIDUAL INCOME TAX CREDIT ANALYSIS**

A Report Prepared for the  
**Revenue & Transportation Interim Committee**

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Legislative Fiscal Division



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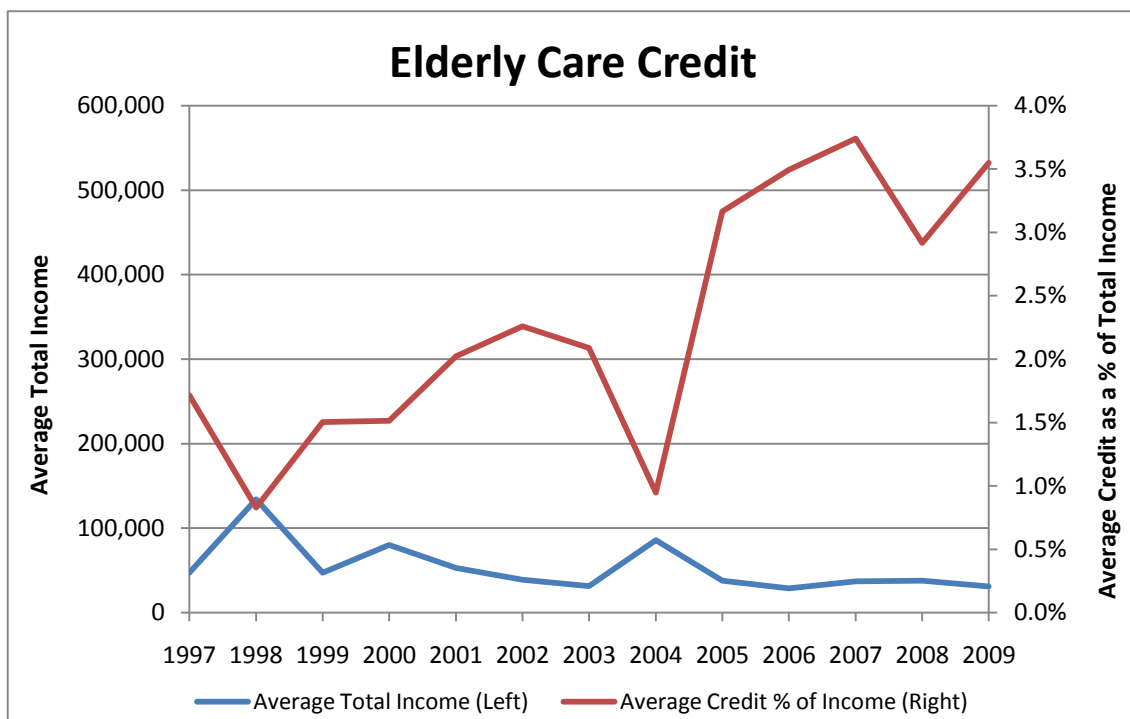
## INTRODUCTION

A graphical presentation of most of the individual income tax credits is given in the following pages. The credits are organized by capital gains, non-refundable with no carryover credits, non-refundable with carryover credits, and refundable credits.

The graphs of the individual income tax credits are descriptive, but a little challenging to read. This gives a brief overview of the graphs and how to read them.

- For all graphs, the **blue line** depicts the average total income of the filers who claim the associated credit
  - Income is shown on the left axis and goes from \$0 to \$600,000 except where shown in **red**
- For all graphs, the **red line** depicts the average value of the credit as a percentage of the average total income of the filers who claim the credit
  - Percentages are shown on the right axis and goes from 0% to 4% except where shown in **red**
- For each graph, the 2009 total cost of the credit, the number of filers who claimed the credit, and the average credit value are given

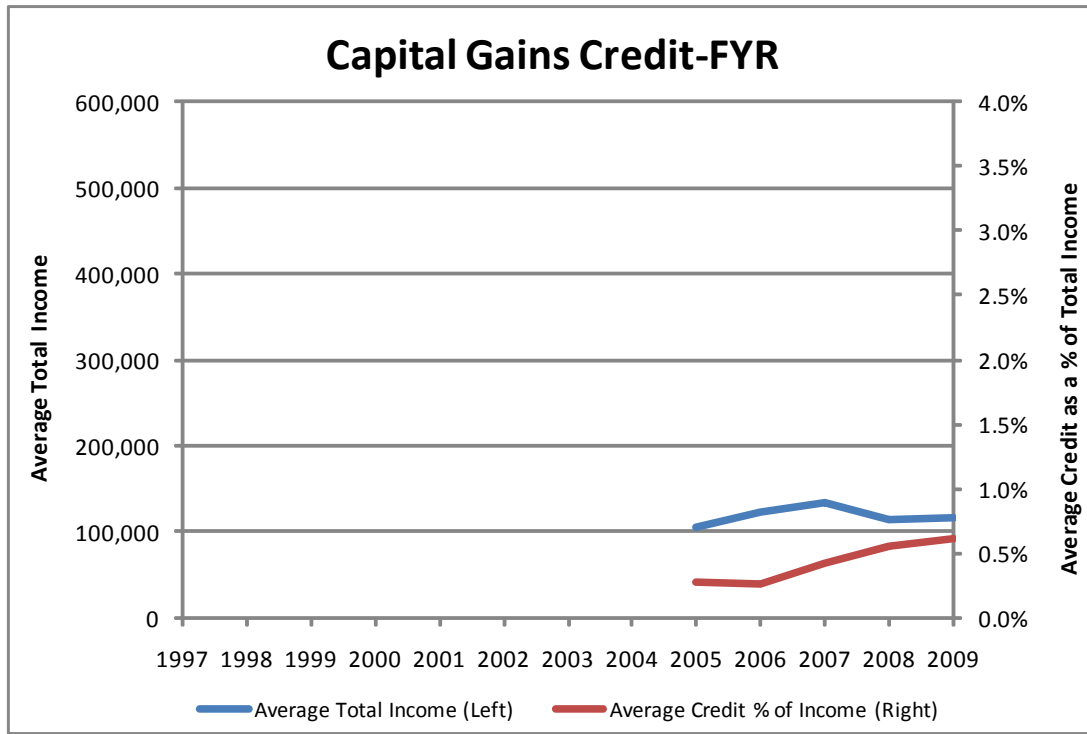
### Example—Elderly Care Credit



With a few exceptions, the average total income of the filers who claim the elderly care credit is below \$50,000 (**blue line**). However, the average credit as a percent of the average total income (**red line**) is fairly significant, over 3% in recent years. This suggests that it is a meaningful credit to the average filer who claims it.

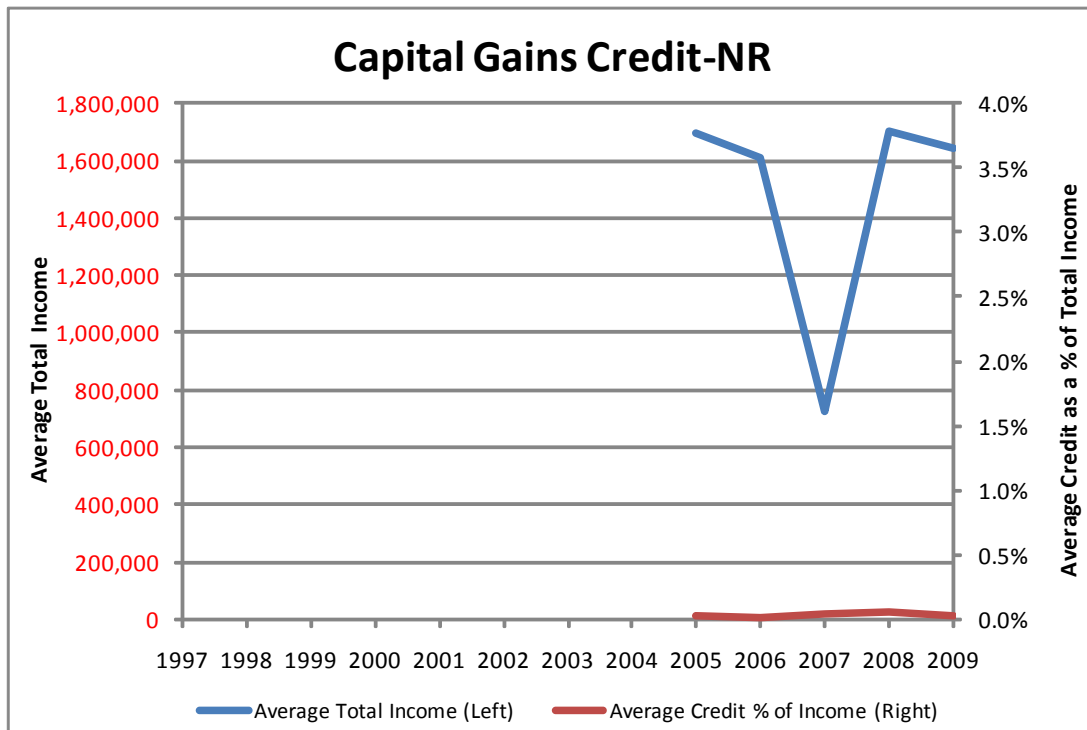
# CAPITAL GAINS CREDIT

## Full year residents



<b>MCA</b>	
15-30-2301	
<b>2009 Cost</b>	
\$	17,974,296
<b>2009 # Claimed</b>	
	24,961
<b>Avg. Credit</b>	
	720

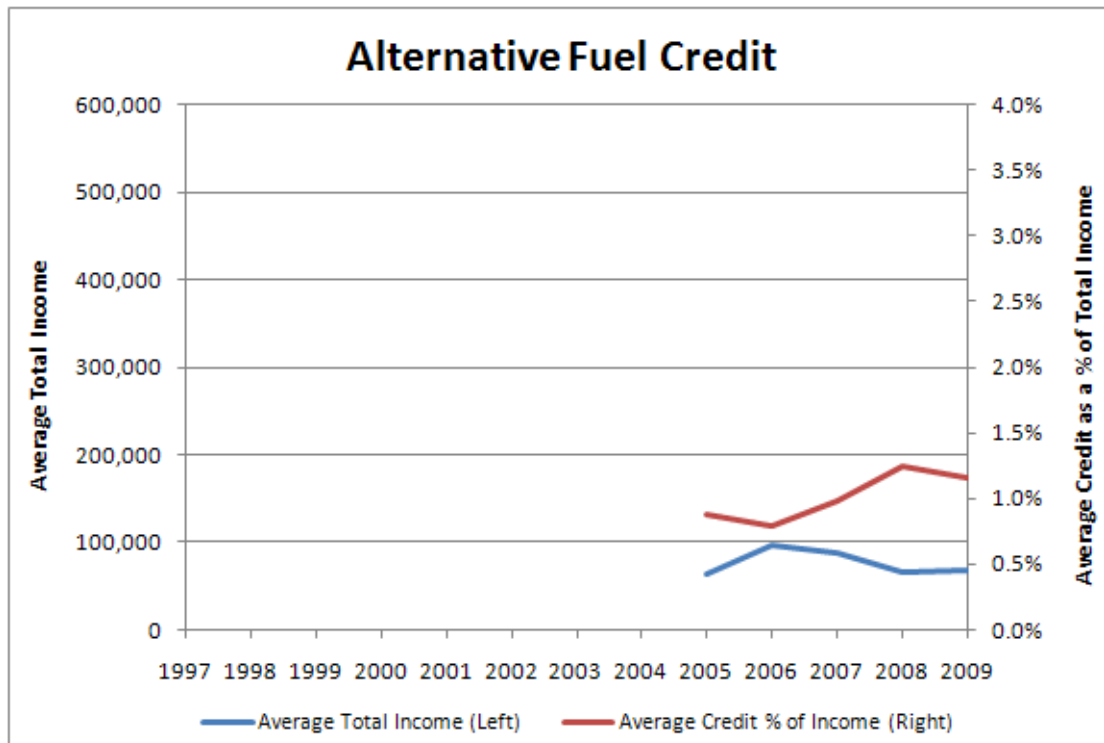
## Partial-year or non-residents



<b>MCA</b>	
15-30-2301	
<b>2009 Cost</b>	
\$	2,093,163
<b>2009 # Claimed</b>	
	6,112
<b>Avg. Credit</b>	
	342

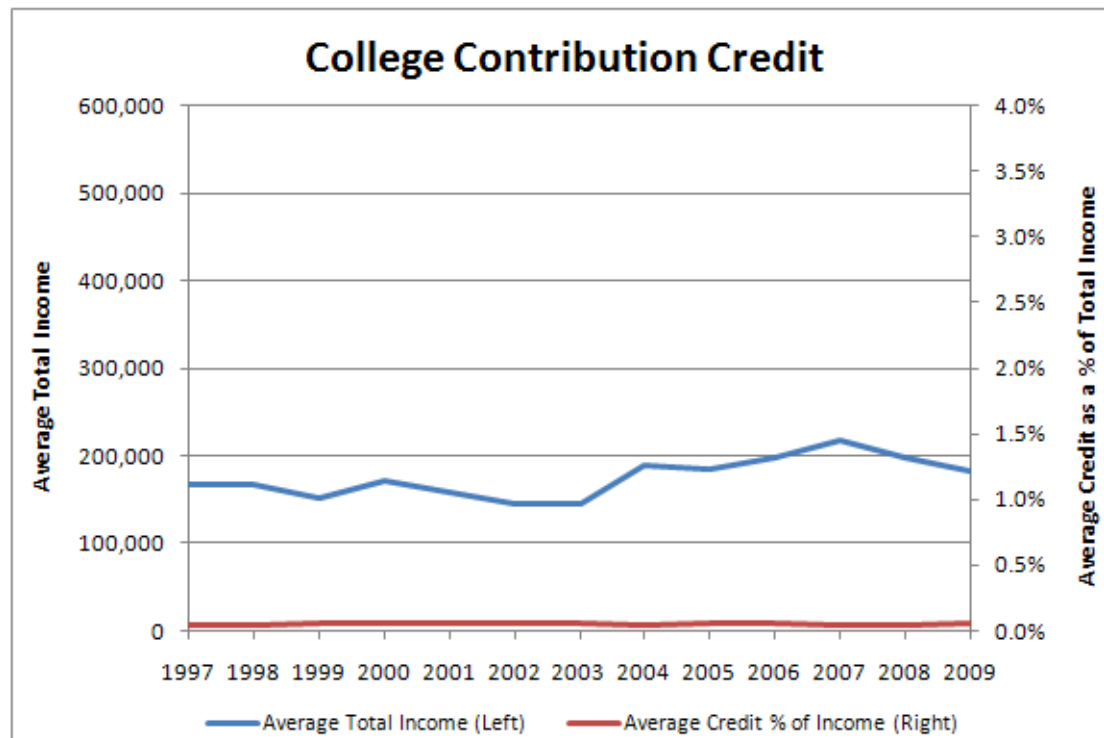
## NON-REFUNDABLE CREDITS WITH NO CARRYOVER

### Alternative fuel credit



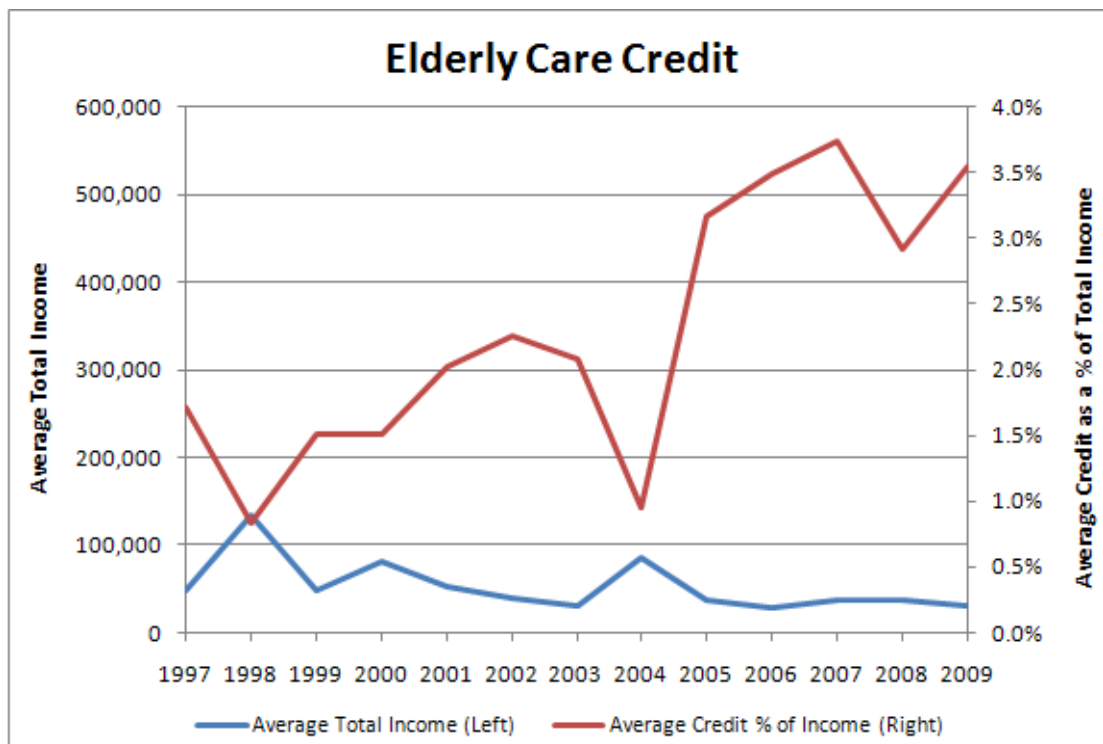
<b>MCA</b>	
15-30-2320	
<b>2009 Cost</b>	
\$	40,485
<b>2009 # Claimed</b>	
51	
<b>Avg. Credit</b>	
794	

### College contribution credit



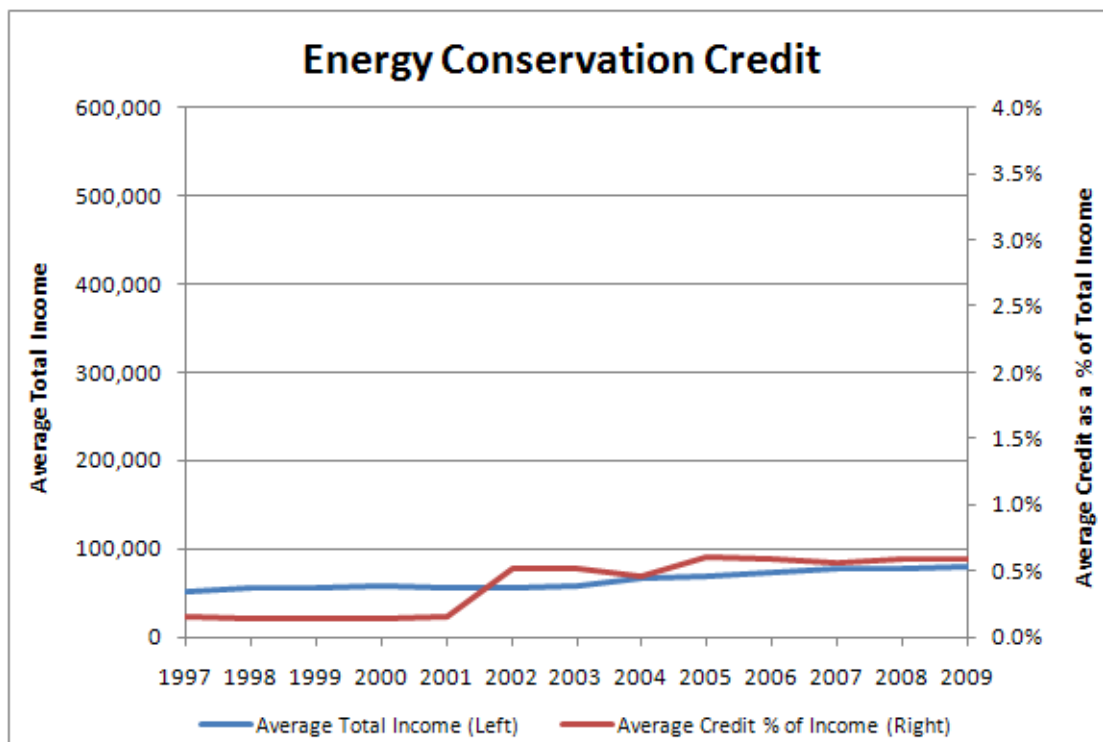
<b>MCA</b>	
15-30-2326	
<b>2009 Cost</b>	
\$	245,865
<b>2009 # Claimed</b>	
2,564	
<b>Avg. Credit</b>	
96	

## Elderly care credit



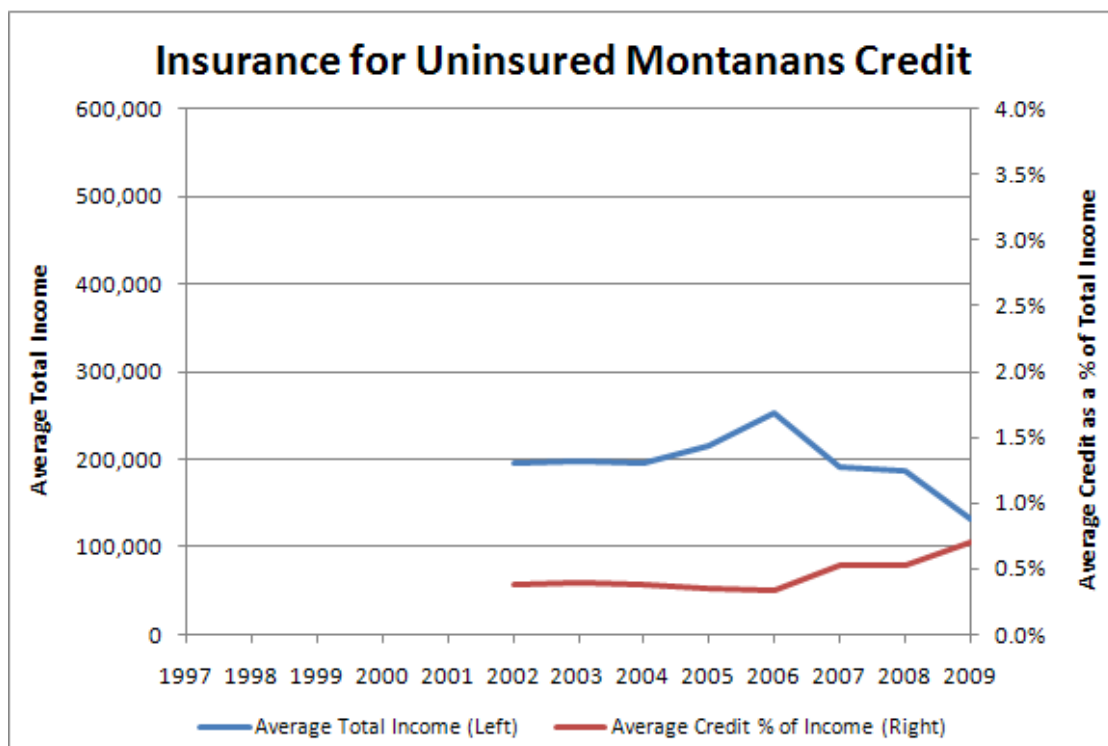
<b>MCA</b>	
15-30-2366	
<b>2009 Cost</b>	
\$	45,059
<b>2009 # Claimed</b>	
	41
<b>Avg. Credit</b>	
	1,099

## Energy conservation credit



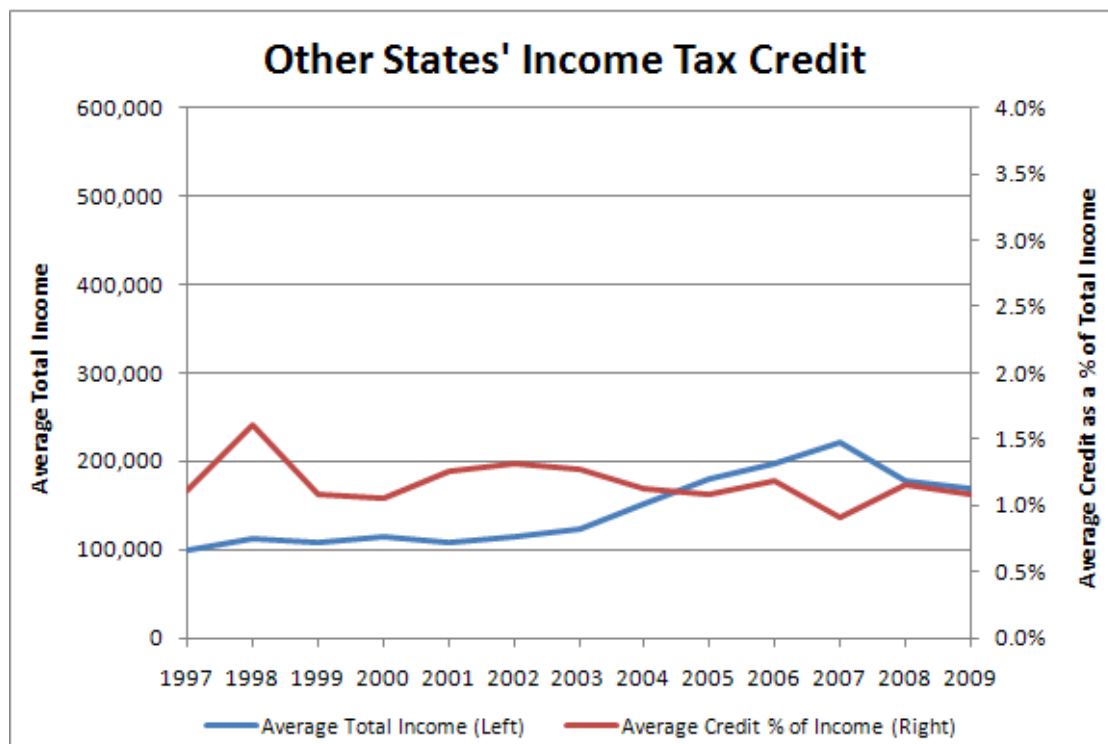
<b>MCA</b>	
15-30-2319	
15-32-109	
<b>2009 Cost</b>	
\$	10,103,356
<b>2009 # Claimed</b>	
	21,457
<b>Avg. Credit</b>	
	471

## Insurance for uninsured Montanans credit



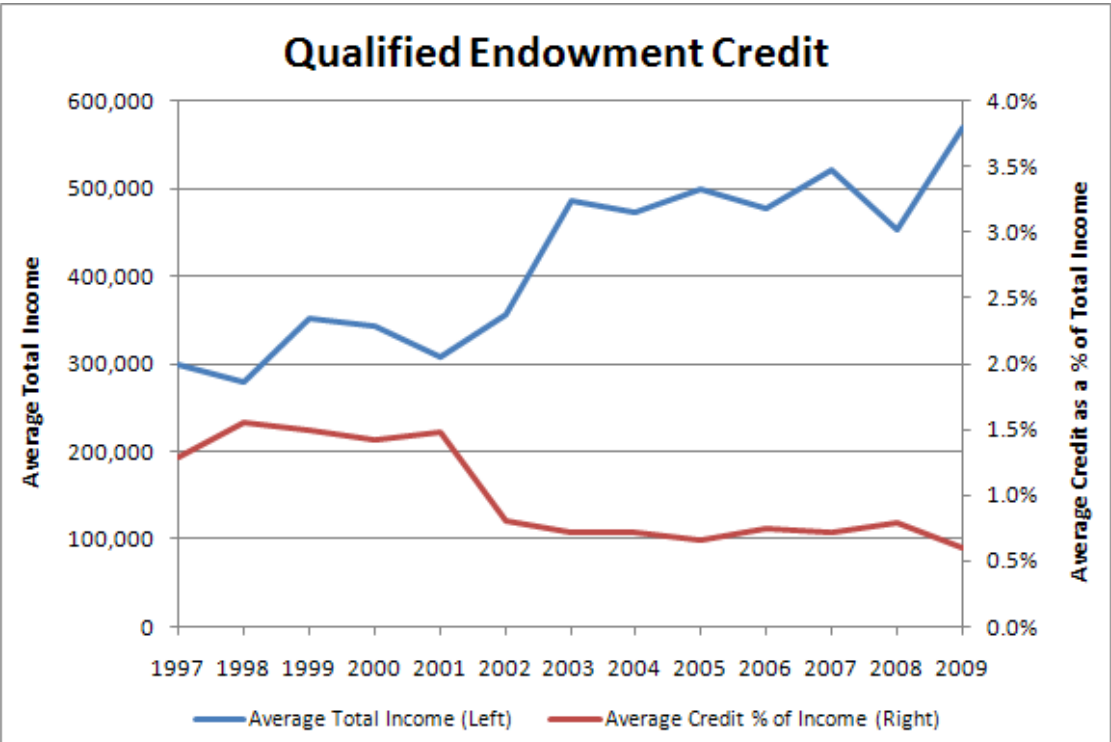
<b>MCA</b>	
15-30-2367	
15-31-132	
<b>2009 Cost</b>	
\$	302,100
<b>2009 # Claimed</b>	
	329
<b>Avg. Credit</b>	
	918

## Other states' income tax credit



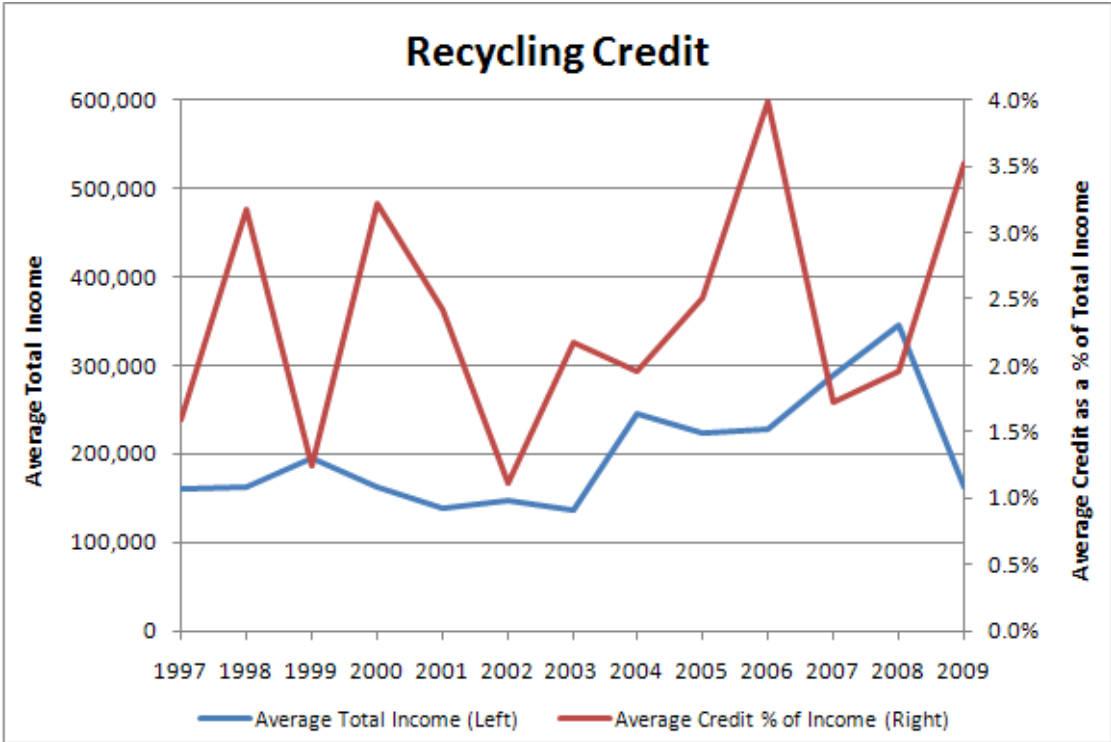
<b>MCA</b>	
15-30-2104	
15-30-2302	
<b>2009 Cost</b>	
\$	17,195,602
<b>2009 # Claimed</b>	
	9,489
<b>Avg. Credit</b>	
	1,812

Qualified endowment credit



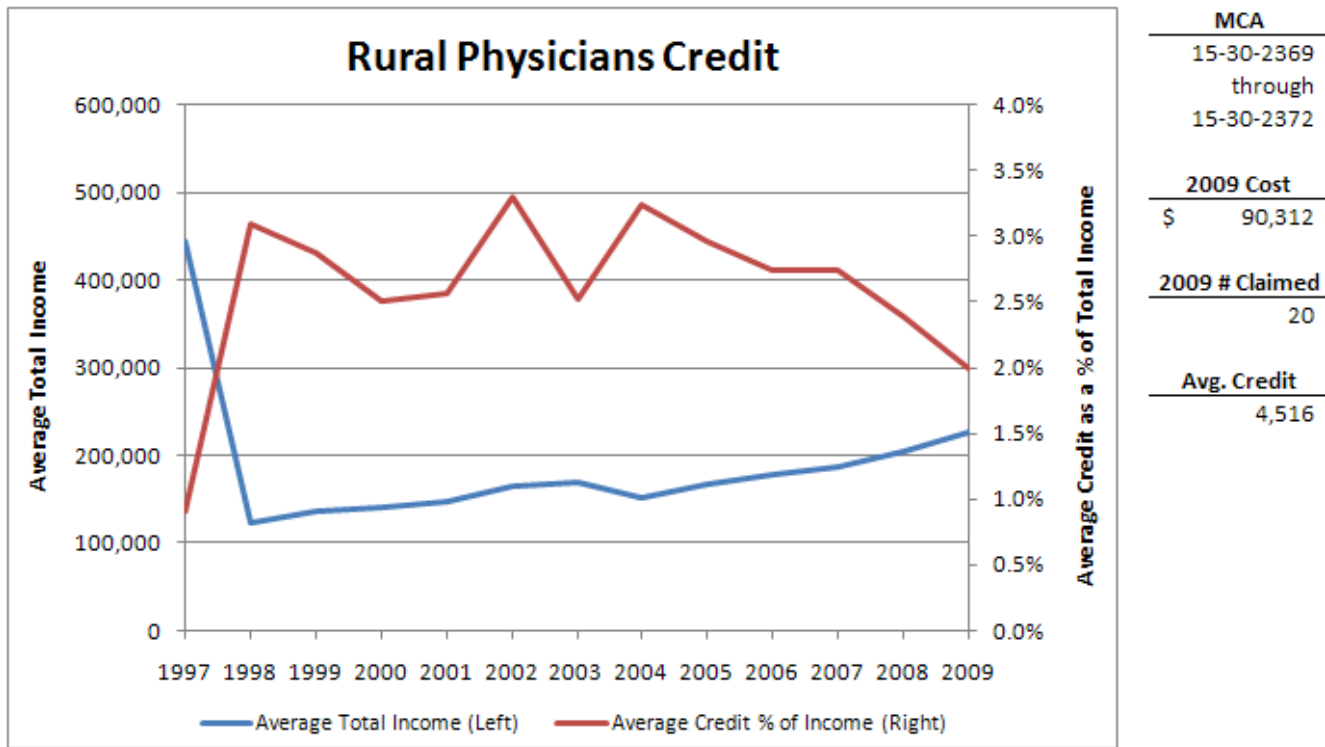
MCA	
15-30-2327	
15-30-2328	
15-30-2329	
2009 Cost	
\$	1,808,443
2009 # Claimed	
	533
Avg. Credit	
	3,393

Recycling credit



MCA	
15-32-601	
through	
15-32-611	
2009 Cost	
\$	463,381
2009 # Claimed	
	81
Avg. Credit	
	5,721

Rural physicians credit



Other credits

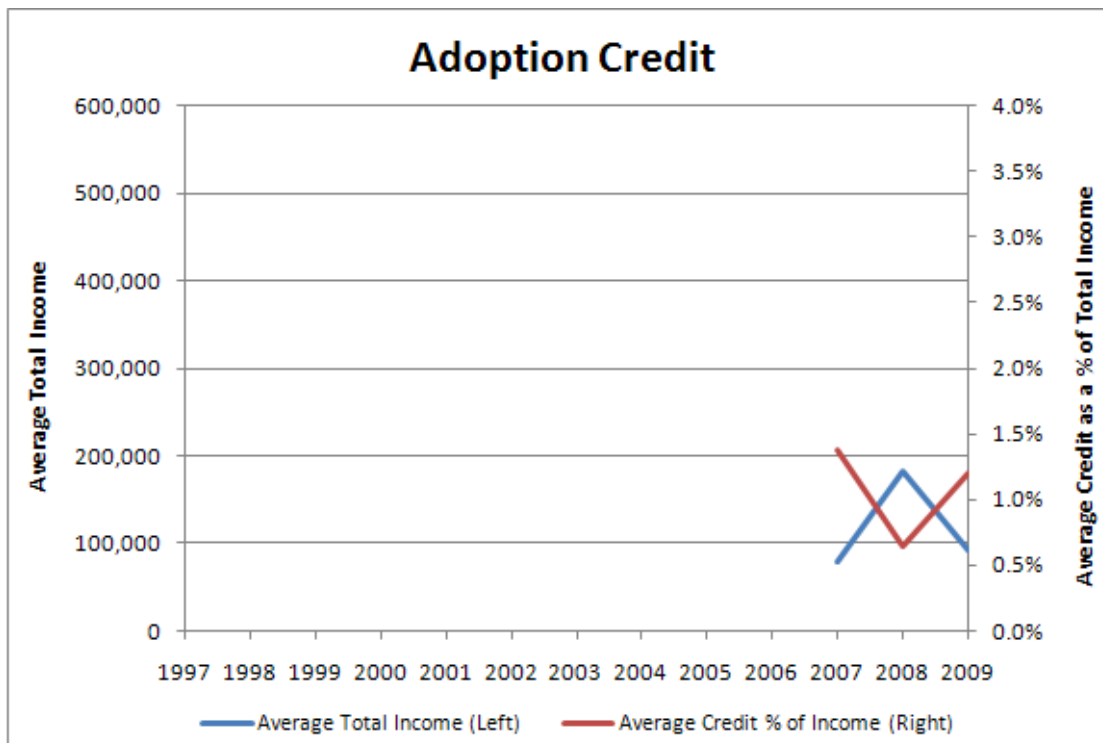
Detail for the following credits is not given due to confidentiality concerns:

- Biodiesel blending/storage tank credit
  - This credit has been claimed less than 10 times in the past 4 years
- Oilseed crushing/biodiesel facility credit
  - This credit has been claimed 19 times in the past 4 years



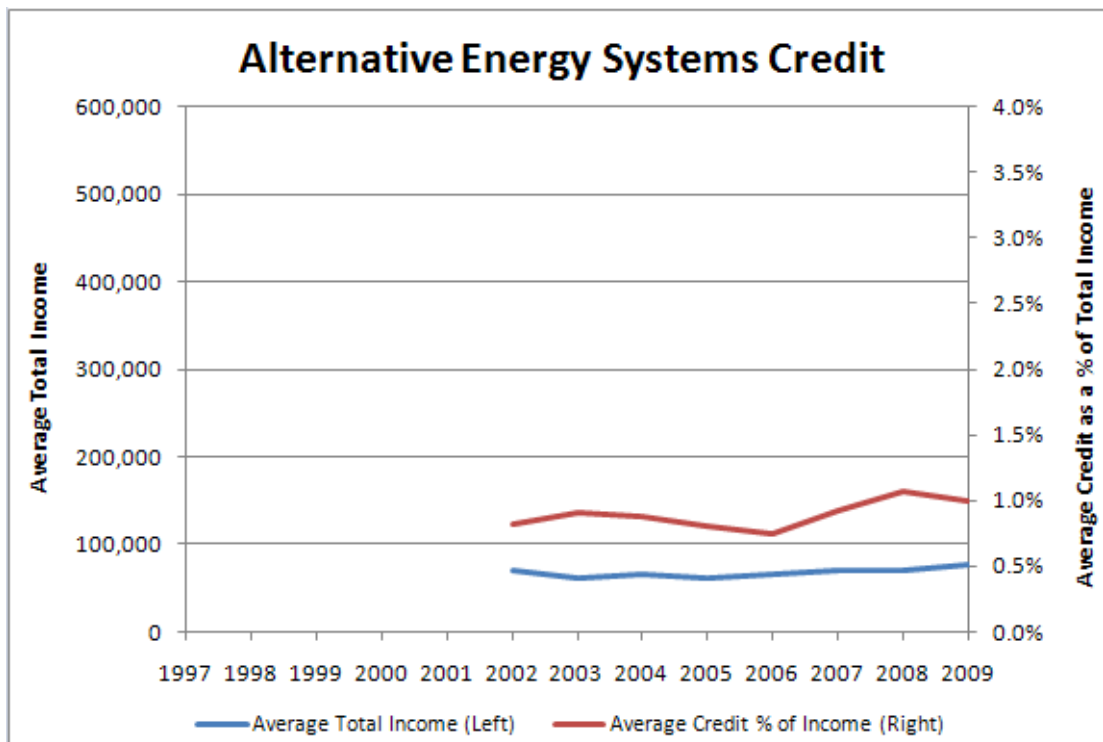
## NON-REFUNDABLE CREDITS WITH CARRYOVER

### Adoption credit



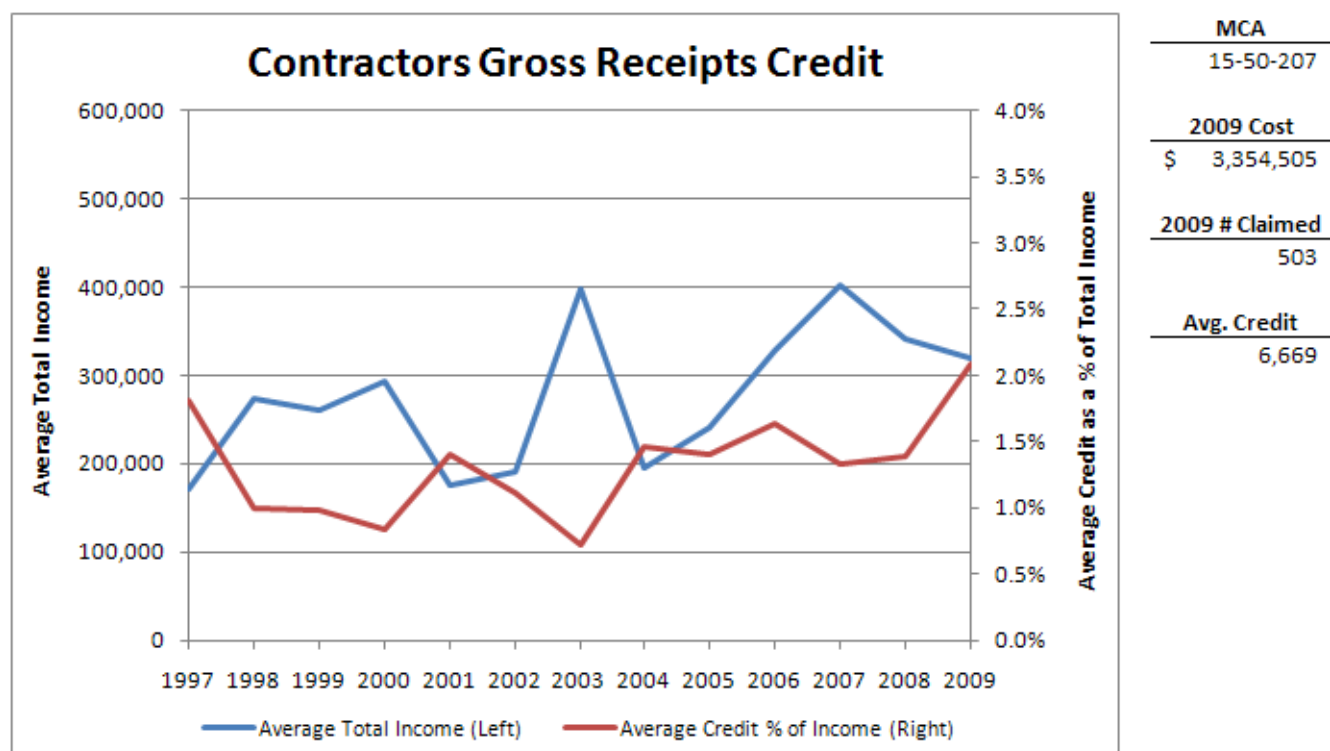
<b>MCA</b>	
15-30-2364	
<b>2009 Cost</b>	
\$	186,056
<b>2009 # Claimed</b>	
	168
<b>Avg. Credit</b>	
	1,107

### Alternative energy systems credit

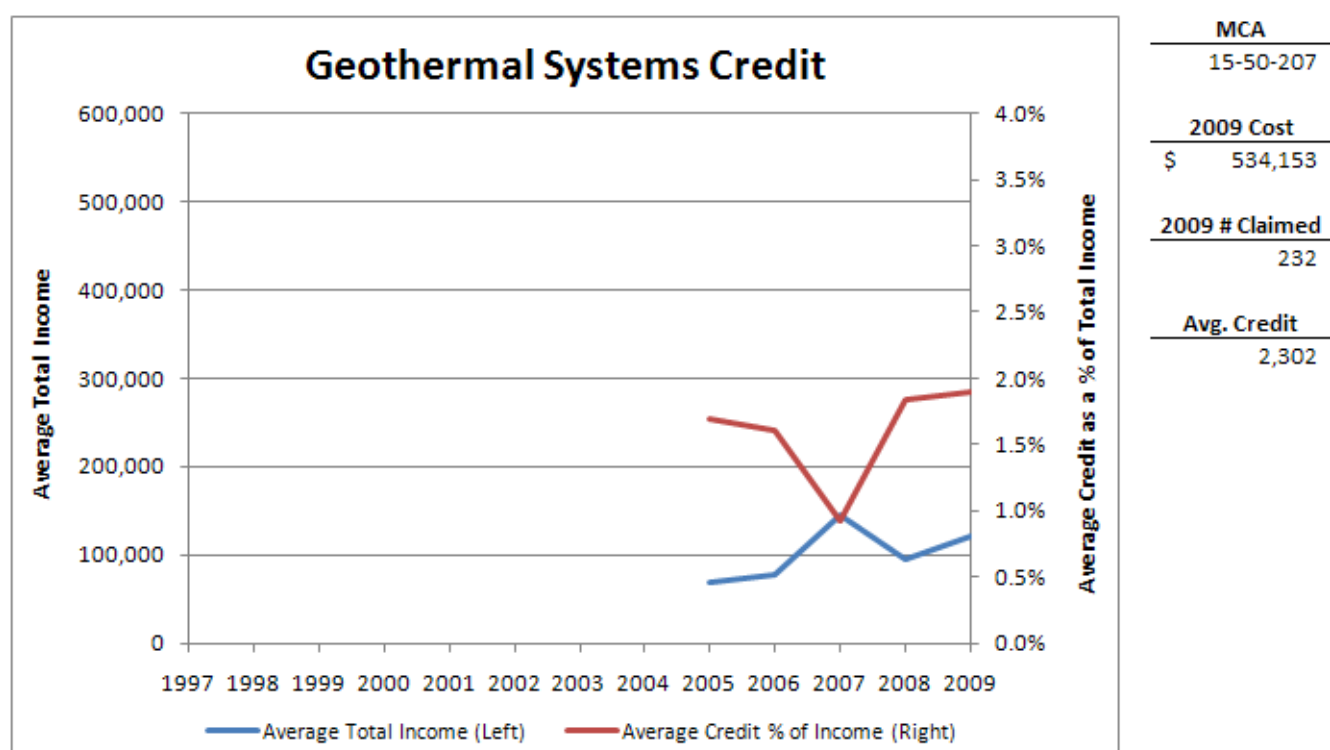


<b>MCA</b>	
15-32-201	
15-32-202	
15-32-203	
<b>2009 Cost</b>	
\$	1,322,296
<b>2009 # Claimed</b>	
	1,727
<b>Avg. Credit</b>	
	766

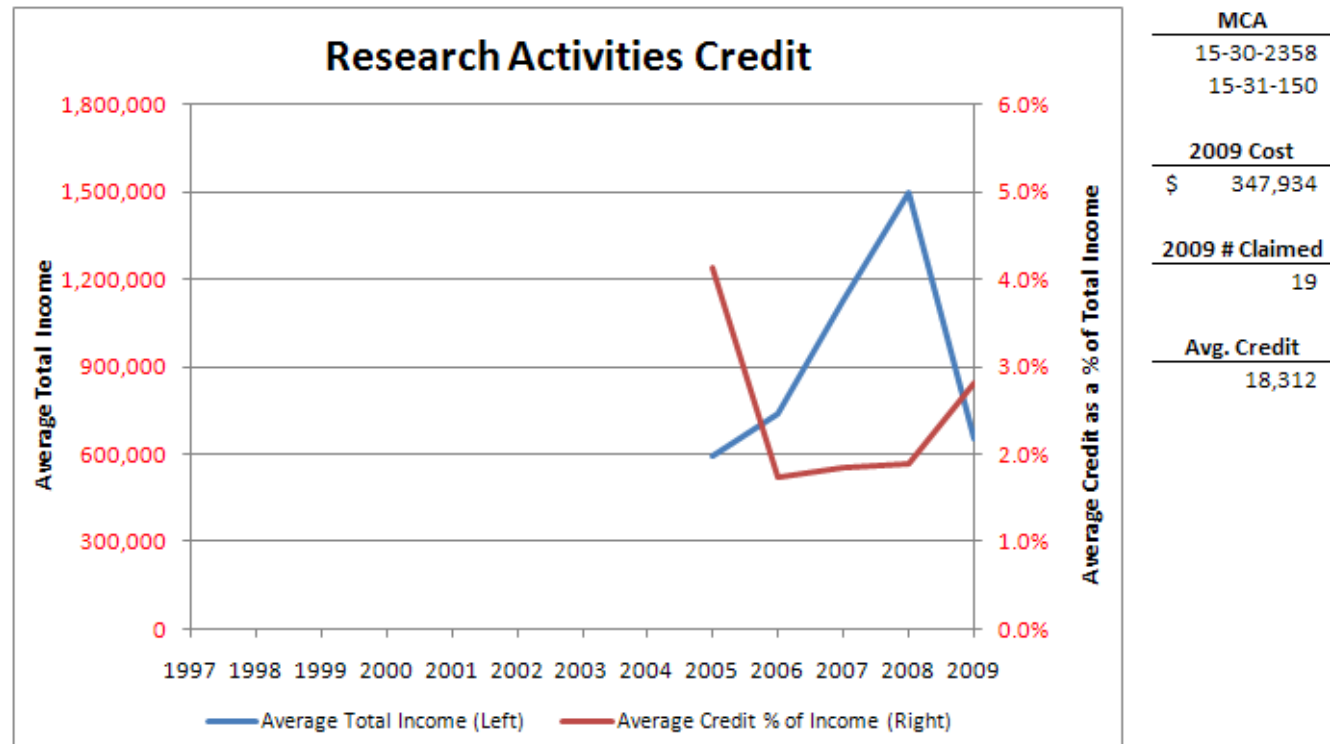
Contractors gross receipts credit



Geothermal systems credit



# Research activities credit



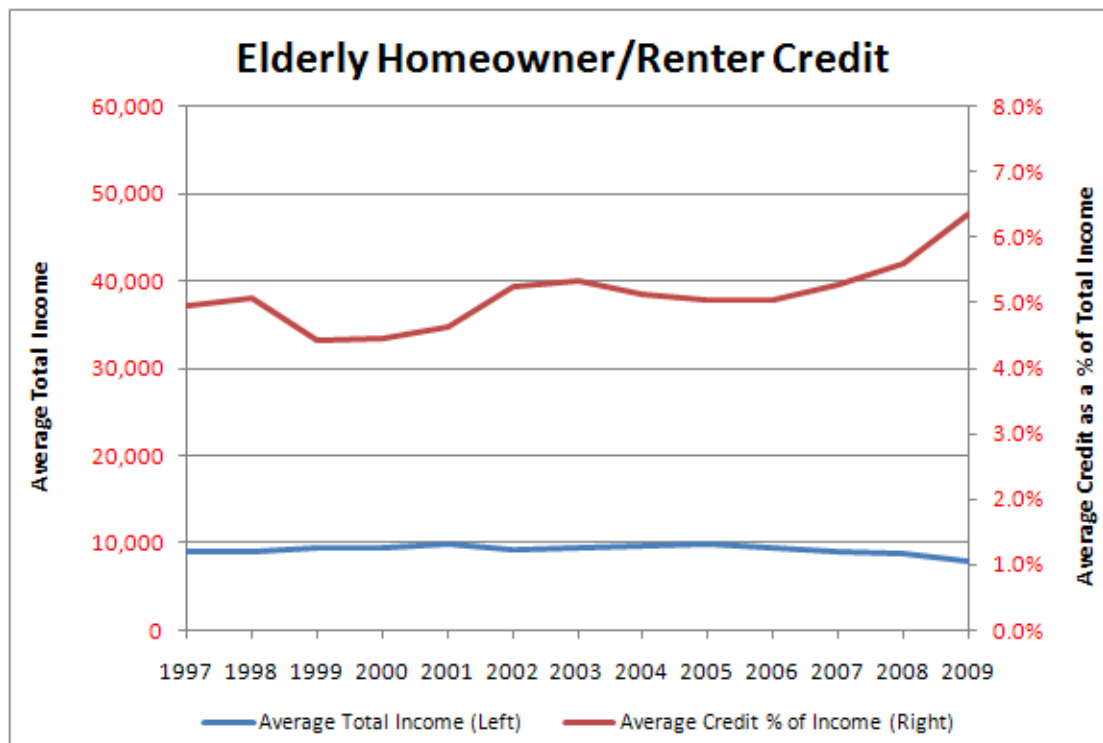
# Other credits

Detail for the following credits is not given due to confidentiality concerns:

- Alternative energy production credit
  - This credit has been claimed 66 times in the past 4 years
- Dependent care assistance credit
  - This credit has been claimed 25 times in the past 4 years
- Empowerment zone credit
  - This credit has been claimed less than 10 times in the past 4 years
- Film production employment credit
  - This credit has been claimed less than 10 times in the past 4 years
- Historic property preservation credit
  - This credit has been claimed 80 times in the past 4 years
- Infrastructure user fee credit
  - This credit has been claimed 52 times in the past 4 years
- Montana capital company credit
  - This credit has been claimed less than 10 times in the past 4 years
- Mineral exploration credit
  - This credit has been claimed less than 10 times in the past 4 years

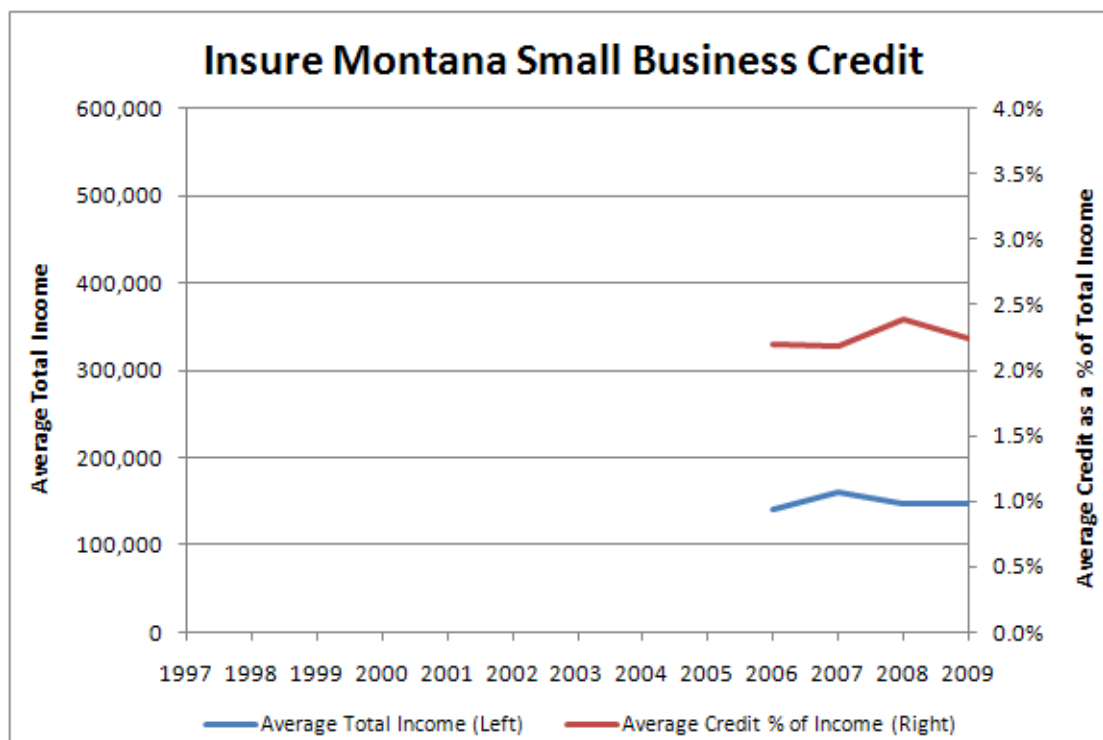
## REFUNDABLE CREDITS

### Elderly homeowner/renter credit



<b>MCA</b>	
15-30-2337	through
15-30-2341	
<b>2009 Cost</b>	
\$	8,478,996
<b>2009 # Claimed</b>	
	17,009
<b>Avg. Credit</b>	
	499

### Insure Montana small business tax credit



<b>MCA</b>	
15-30-2368	
15-31-130	
33-22-2006	
<b>2009 Cost</b>	
\$	2,541,034
<b>2009 # Claimed</b>	
	769
<b>Avg. Credit</b>	
	3,304

## Other credits

Detail for the following credits is not given due to confidentiality concerns:

- Film production employment tax credit
  - This credit has been claimed 31 times in the past 4 years
- Film qualified expenditure tax credit
  - This credit has been claimed 21 times in the past 4 years
- Temporary emergency lodging
  - This credit has been claimed less than 10 times in the past 3 years