

HOUSE BILL NO. 345
INTRODUCED BY M. LANGE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A REFUNDABLE RENTER'S INCOME TAX CREDIT; LIMITING THE CREDIT TO INDIVIDUALS BELOW A CERTAIN INCOME LEVEL; PROVIDING PENALTIES FOR A FRAUDULENT CLAIM FOR A CREDIT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

NEW SECTION. Section 1. Renter's tax credit -- eligibility -- requirements -- limitations -- refund -- penalties for fraudulent claims. (1) Except as provided in subsections (7) and (8) and subject to the provisions of this section, an individual required to file a return under this chapter is allowed a renter's credit against the taxes imposed by 15-30-103 in an amount equal to \$10 a month for each month in the tax year that the taxpayer rented a dwelling or dwellings as the taxpayer's principal residence for at least 7 months during the tax year. The maximum credit allowed under this section may not exceed \$120.

(2) In order to be eligible to make a claim for a credit under this section, the taxpayer must have:

- (a) resided in Montana for at least 9 months of the tax year for which the claim is made; and
- (b) occupied one or more dwellings in the state as a renter or lessee for at least 7 months of the tax year.

(3) A taxpayer is not disqualified from claiming the credit under this section because of a change of residence during the tax year if the taxpayer occupies one or more dwellings in Montana as a renter or lessee for at least 7 months during the tax year.

(4) Only one taxpayer in each household is allowed a credit under this section.

(5) A receipt or other evidence of gross rent paid must be filed with the claim for a credit. In addition, each taxpayer shall, at the request of the department, supply all additional information to support the claim.

(6) If the amount of credit exceeds the taxpayers's tax liability under this chapter, the amount of the excess must be refunded to the taxpayer.

(7) A claim for a credit is not allowed under this section if the individual's gross household income is greater than \$45,000. For the purposes of this section, income includes the income items specified in 15-30-171(9)(a) reduced by the amount specified in 15-30-171(9)(b).

(8) A taxpayer who receives a residential property tax credit for the elderly under 15-30-171 through

15-30-179 may not claim the credit under this section for the same tax year.

(9) A person who files a false or fraudulent claim for a renter's credit allowed under this section is subject to criminal prosecution under the provisions of 45-7-202. If a false or fraudulent refund has been paid, the amount paid may be recovered as any other tax owed the state, together with a penalty of 25% and interest on the amount of the refund at the rate of 12% a year until paid.

(10) For the purposes of this section, the following definitions apply:

(a) "Dwelling" means:

(i) a single-family dwelling or unit of a multiple-unit dwelling and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling;

(ii) a single-family dwelling or unit of a multiple-unit dwelling that is rented from a county or municipal housing authority as provided in Title 7, chapter 15; or

(iii) a single-family dwelling or unit of a multiple-unit dwelling in which any portion of the individual's rent payment is derived from rent equivalent payments or from a public rent or tax subsidy program.

(b) "Gross household income" has the meaning provided in 15-30-171.

(c) "Gross rent" has the meaning provided in 15-30-171.

(d) "Household" has the meaning provided in 15-30-171.

(e) "Rent equivalent" means a rental payment paid by a governmental agency to a lessor or landlord.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 4. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

NEW SECTION. Section 5. Termination. [This act] terminates December 31, 2008.

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