

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)~~ ~~(6)~~ and ~~(8)~~ ~~(7)~~ 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~~ 3% OF THE GROSS RENT PAID BY THE TAXPAYER 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)~~~~(4)~~ (A) 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.

(B) IF TWO OR MORE INDIVIDUALS ARE SHARING A DWELLING, EACH INDIVIDUAL MAY CLAIM THE CREDIT BASED ON THE PROPORTIONAL SHARE THAT THE INDIVIDUAL PAYS OF THE GROSS RENT.

~~(6)~~~~(5)~~ 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)(6)~~ A claim for a credit is not allowed under this section if the individual's ~~gross household~~ ADJUSTED GROSS 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)(7)~~ 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)(8)~~ 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)(B)~~ "Gross rent" has the meaning provided in 15-30-171.

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

~~(e)(C)~~ "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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