

SENATE BILL NO. 210

INTRODUCED BY LASLOVICH, BRUEGGEMAN, ESSMANN, GEBHARDT, HARRINGTON, KAUFMANN
LEWIS, LIND, SMITH, STEINBEISSER, NOONAN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE TAX DEDUCTION AVAILABLE TO TAXPAYERS FOR ENERGY-CONSERVATION INVESTMENTS; INCREASING THE INDIVIDUAL INCOME TAX CREDIT FOR ENERGY-CONSERVING EXPENDITURES; PROVIDING A TAX CREDIT FOR SMALL-BUSINESS CORPORATIONS LIMITED LIABILITY PARTNERSHIPS, S. CORPORATIONS, OR OTHER DISREGARDED ENTITIES AND FOR TAXPAYERS WITH A FAMILY INCOME OF LESS THAN OR EQUAL TO 150 PERCENT OF THE FEDERAL POVERTY LEVEL CERTAIN INCOME LEVELS; PROVIDING A 3-YEAR CARRYFORWARD REFUND FOR UNUSED ENERGY-CONSERVING EXPENDITURE TAX CREDITS; AMENDING SECTIONS 15-32-103 AND SECTION 15-32-109, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

~~Section 1.~~ Section 15-32-103, MCA, is amended to read:

~~"15-32-103. Deduction for energy-conserving investments.~~ (1) In addition to all other deductions from gross corporate income allowed in computing net income under chapter 31, part 1, a taxpayer may deduct a portion of his ~~the taxpayer's~~ expenditure for a capital investment in a building for an energy conservation purpose, in accordance with the following schedule:

If the installation or investment is made in a residential building:	If the installation or investment is made in a building not used as a residence:
100% of first \$1,000 expended	100% of first \$2,000 expended
75% of next \$1,000 expended	75% of next \$2,000 expended
50% of next \$1,000 expended	50% of next \$2,000 expended
20% of next \$1,000 expended	20% of next \$2,000 expended
10% of next \$1,000 expended	10% of next \$2,000 expended

~~(2) This tax treatment is subject to approval of the department, as provided in 15-32-106, and may not be claimed for so much the portion of the expenditure and capital investment as that is financed by a state, federal, or private grant for energy conservation."~~

Section 1. Section 15-32-109, MCA, is amended to read:

"15-32-109. Credit for energy-conserving expenditures. (1) Subject to the restrictions of ~~subsection (2) subsections (4) and (5)~~, a resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for ~~25% 75% 25%~~ of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, ~~lighting, space~~ heating, or cooling system ~~or of major appliances~~ in the building, ~~so as long as either type of investment is~~ the investments are for an energy conservation purpose, in an amount not to exceed ~~\$500 \$5,000~~ \$800.

(2) (A) Subject to the restrictions of subsections (4) and (5), a resident individual taxpayer with a family income of less than or equal to 150% of the federal poverty level THE AMOUNT ESTABLISHED IN SUBSECTION (2)(B) may take a credit against the taxpayer's tax liability under chapter 30 for 400% 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, lighting, space heating, or cooling system or of major appliances in the building as long as the investments are for an energy conservation purpose, in an amount not to exceed \$5,000 \$800.

(B) TO BE ELIGIBLE FOR THE CREDIT ALLOWED BY THIS SUBSECTION (2), A SINGLE TAXPAYER MAY NOT HAVE A MONTANA ADJUSTED GROSS INCOME IN EXCESS OF \$11,280 AND MARRIED COUPLES FILING JOINTLY OR SEPARATELY ON THE SAME FORM MAY NOT HAVE A MONTANA ADJUSTED GROSS INCOME IN EXCESS OF \$14,590. THE DEPARTMENT, BY NOVEMBER 1, OF EACH YEAR, SHALL MULTIPLY THE INCOME AMOUNTS IN THIS SUBSECTION (2)(B) BY THE INFLATION FACTOR FOR THAT YEAR AND ROUND THE PRODUCT TO THE NEAREST \$10. THE RESULTING ADJUSTED INCOME IS EFFECTIVE FOR THAT TAX YEAR AND MUST BE USED IN DETERMINING THE ELIGIBILITY FOR THE CREDIT ALLOWED BY THIS SUBSECTION (2).

(3) Subject to the restrictions of subsections (4) and (5), a ~~small-business corporation, as defined in 15-30-1101,~~ LIMITED LIABILITY PARTNERSHIP, S. CORPORATION, OR OTHER DISREGARDED ENTITY may take a credit against the taxpayer's tax liability under chapter 30 for ~~75% 25%~~ of the taxpayer's expenditure for a capital investment in the physical attributes of a RESIDENTIAL RENTAL building or the installation of a water, lighting, refrigeration, ~~space~~ heating, or cooling system ~~or of major appliances~~ in the building as long as the investments are for an energy conservation purpose, in an amount not to exceed ~~\$10,000~~ \$800.

(4) A taxpayer's expenditure may not be claimed for credit under ~~more than one status~~ SUBSECTION (1), (2), OR (3) BUT MAY BE CLAIMED UNDER ONLY ONE OF THOSE SUBSECTIONS.

(2)(5) The credit credits under subsection subsections (1):

—— (a) may not exceed the taxpayer's tax liability; and

~~_____ (b) is through (3) are subject to the provisions of 15-32-104.~~

~~(6) THE CREDITS UNDER SUBSECTIONS (1) AND (3) MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY. If the amount of the tax credit UNDER SUBSECTION (2) exceeds the taxpayer's income tax liability for the tax year, the amount that exceeds the tax liability may be carried forward for taxes imposed in the next 3 succeeding tax years. OF THE EXCESS MUST BE REFUNDED TO THE TAXPAYER. THE CREDIT MAY BE CLAIMED EVEN IF THE CLAIMANT HAS NO TAXABLE INCOME.~~

~~(7) IF THE TAXPAYER IS AN S. CORPORATION, THE SHAREHOLDERS MAY CLAIM A PRO RATA SHARE OF THE TAX CREDIT. IF THE TAXPAYER IS A PARTNERSHIP OR DISREGARDED ENTITY, THE CREDIT MAY BE CLAIMED BY THE PARTNERS OR MEMBERS IN THE SAME PROPORTION USED TO REPORT THE PARTNERSHIP'S OR ENTITY'S INCOME OR LOSS FOR MONTANA INCOME TAX PURPOSES."~~

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 3. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

NEW SECTION. SECTION 4. TERMINATION. [THIS ACT] TERMINATES JANUARY 1, 2010.

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