

HOUSE BILL NO. 620

INTRODUCED BY R. LYNCH

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA YOUNG ENTREPRENEURS STUDENT LOAN TAX CREDIT; PROVIDING ELIGIBILITY CRITERIA; PROVIDING RULEMAKING AUTHORITY; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Montana young entrepreneurs student loan tax credit -- rulemaking.

(1) (a) There is a one-time credit against the taxes otherwise due under this chapter to provide an offset to a Montana young entrepreneur's student loan repayment or business startup costs if that Montana young entrepreneur creates 10 net new jobs within 10 years of the date of the entrepreneur's completion of relevant postgraduate education or training.

(b) To be a net new job, the job must be one of at least 10 jobs created and maintained over a 3-year period in which a full-time equivalent employee has been employed. The department may consult with the department of commerce to determine if the job meets the criteria of a net new job.

(2) To be eligible for the tax credit under this section, an individual:

(a) shall submit a one-time application to the department on a form provided by the department and provide the information required in subsection (3);

(b) must be a graduate of a Montana high school or a Montana nonpublic or home school that meets the requirements of 20-5-109;

(c) must have student loans from a unit of the Montana university system or another accredited public or private college, community college, or tribally controlled community college or from another eligible training provider as determined by rule and in consultation with the department of labor and industry; and

(d) must have created within 10 years of completing postsecondary education or training no fewer than 10 net new jobs in Montana that pay a wage as provided in 90-1-204(2)(g).

(3) The application must include:

(a) an affidavit that none of the 10 net new jobs are held or claimed by any other individual applying for a tax credit under this section. An individual eligible for a tax credit under this section may have created the jobs

1 in conjunction with another individual who is eligible for the tax credit, but a new job may be claimed only once.

2 (b) documentation that the applicant created a business entity as defined by rule:

3 (i) that is not solely a derivative of another business entity;

4 (ii) not more than 50% of which is controlled by persons ineligible for the Montana young entrepreneurs
5 student loan tax credit; or

6 (iii) that did not have startup or early financing that included interest-free loans or government grants.

7 (4) The tax credit is \$5,000 for each net job.

8 (5) If the amount of the tax credit exceeds the taxpayer's liability, the tax credit may be carried forward
9 10 years. The entire amount of the tax credit not used in the year earned must be carried first to the earliest tax
10 year in which the tax credit may be applied and then to each succeeding tax year within the 10-year period.

11 (6) Any tax credit that is not used within 10 years is not refundable.

12 (7) The department may develop rules to implement this section, including but not limited to:

13 (a) what constitutes a new business entity;

14 (b) how to allocate tax credits if more than one individual in a business entity is eligible for a tax credit;

15 and

16 (c) what constitutes completion of relevant postsecondary education or training, which must include
17 completion of 75% of the coursework or training within 2 years of creation of the business entity.

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

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22 **NEW SECTION. Section 3. Effective date -- applicability.** [This act] is effective July 1, 2013, and
23 applies to taxes against which a credit may be claimed for tax years beginning on or after January 1, 2015, for
24 jobs created after [the effective date of this act].

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