

HOUSE BILL NO. 551

INTRODUCED BY A. PERSON

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INCOME TAX CREDIT PROGRAM FOR EMPLOYERS OF REGISTERED APPRENTICES, INCLUDING AN INCREASED CREDIT FOR EMPLOYING NATIONAL GUARD, RESERVE, OR ACTIVE DUTY VETERANS; PROVIDING THAT THE CREDITS BE TAKEN AGAINST INDIVIDUAL INCOME TAX AND CORPORATION LICENSE TAX LIABILITIES; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Employer tax credit available -- apprenticeship program -- increased credit for employing national guard, reserve, or active duty veterans. (1) A taxpayer that employs an apprentice who works in Montana pursuant to a state-registered apprenticeship training program is eligible for an annual credit against income taxes imposed pursuant to Title 15, chapter 30, or Title 15, chapter 31, in an amount up to:

- (a) \$1,000 for each apprentice employed; and
- (b) \$2,000 for each apprentice employed who is a qualified veteran.

(2) A tax credit is not available until after the apprentice employed by the taxpayer has completed the apprentice training program's probationary period or 6 months, whichever is earlier. An employer applying for a tax credit must apply each year to receive the credit for the preceding calendar year. A credit is not allowed to the employer for more than 4 tax years for each individual apprentice.

(3) For fiscal year filers, the credit available to claim in the current fiscal year is the credit allowed for the calendar year that ends within the taxpayer's fiscal period.

(4) Subject to meeting the probationary period in subsection (2), if an employer employs an apprentice for less than the full preceding calendar year, the employer may apply for the credit on a pro rata monthly basis beginning on the first day of the first full month of apprenticeship.

(5) To qualify as a veteran for the purposes of the credit under this section, the veteran must have been discharged or released from military service before the date employment begins.

(6) The department shall, after consultation with the department of revenue, prescribe a form for a

1 taxpayer to claim the tax credit provided by this section. The form must provide the department of revenue with
 2 sufficient information for the proper administration of the credit as provided in [section 2] and [section 3]. The
 3 department shall provide the department of revenue an annual report detailing the tax credit provided to
 4 employers for the previous year.

5 (7) For the purposes of this section, "veteran" has the meaning provided in 39-29-101.

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 7 **NEW SECTION. Section 2. Tax credit for hiring registered apprentices -- additional credit for**
 8 **employing national guard, reserve, or active duty veterans.** (1) There is a tax credit against the taxes
 9 otherwise due under this chapter that is allowable in the amount established pursuant to [section 1] when a
 10 taxpayer employs a registered apprentice or registered veteran apprentice who works in Montana.

11 (2) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 4 years.
 12 The entire amount of the credit not used in the year earned must be carried first to the earliest tax year in which
 13 the credit may be applied and then to each succeeding tax year.

14 (3) The department of labor and industry shall provide a taxpayer that desires to claim the credit with a
 15 form that contains sufficient information for the department of revenue to apply the credit.

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 17 **NEW SECTION. Section 3. Tax credit for hiring registered apprentices -- additional credit for**
 18 **employing national guard, reserve, or active duty veterans.** (1) There is a tax credit against the taxes
 19 otherwise due under 15-31-121 or 15-31-122 that is allowable in the amount established pursuant to [section 1]
 20 when a taxpayer employs a registered apprentice or registered veteran apprentice who works in Montana.

21 (2) If the amount of the credit exceeds the taxpayer's liability, the credit may be carried forward 4 years.
 22 The entire amount of the credit not used in the year earned must be carried first to the earliest tax year in which
 23 the credit may be applied and then to each succeeding tax year.

24 (3) If the credit allowed under this section is claimed by a small business corporation as defined in
 25 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or
 26 partners using the same proportion as used to report the entity's income or loss.

27 (4) The department of labor and industry shall provide a taxpayer that desires to claim the credit with a
 28 form that contains sufficient information for the department of revenue to apply the credit.

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 30 **NEW SECTION. Section 4. Codification instruction.** (1) [Section 1] is intended to be codified as an

1 integral part of Title 39, chapter 6, and the provisions of Title 39, chapter 6, apply to [section 1].

2 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of
3 Title 15, chapter 30, apply to [section 2].

4 (3) [Section 3] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions of
5 Title 15, chapter 31, apply to [section 3].

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7 **NEW SECTION. Section 5. Applicability.** [This act] applies to tax years beginning after December 31,
8 2015.

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