



AN ACT REVISING INCOME TAX CREDIT LAWS; REQUIRING THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE TO REVIEW TAX CREDITS AND MAKE A RECOMMENDATION TO THE LEGISLATURE; PROVIDING CRITERIA FOR THE COMMITTEE TO USE WHEN REVIEWING TAX CREDITS; REPEALING EXPIRED TAX CREDITS; AMENDING SECTION 5-5-227, MCA; REPEALING SECTIONS 15-30-2358, 15-30-2365, 15-31-133, AND 15-31-150, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

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

Section 1. Tax credits subject to review by interim committee. (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019:

- (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;
- (b) the credit for contractor's gross receipts provided for in 15-50-207;
- (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;
- (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;
- (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; and
- (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021:

- (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32, part 4;
- (b) the credit for qualified elderly care expenses provided for in 15-30-2366;
- (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-31-131;
- (d) the credit for contributions to a university or college foundation or endowment provided for in 15-30-2326, 15-31-135, and 15-31-136;
- (e) the credit for donations to an educational improvement account provided for in 15-30-2334,

15-30-3110, and 15-31-158; and

(f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111, and 15-31-159.

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023:

(a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-132;

(b) the credit for installation of a geothermal system provided for in 15-32-115;

(c) the credit for property to recycle or manufacture using recycled material provided for in Title 15, chapter 32, part 6;

(d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-137;

and

(e) the credit for infrastructure use fees provided for in 17-6-316.

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025:

(a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

(b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;

(c) the credit for capital gains provided for in 15-30-2301;

(d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-134;

(e) the credit for an oilseed crush facility provided for in 15-32-701; and

(f) the credit for unlocking state lands provided for in 15-30-2380.

(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027:

(a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;

(b) the biodiesel blending and storage credit provided for in 15-32-703;

(c) the adoption tax credit provided for in 15-30-2364;

(d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;

(e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173; and

(f) the earned income tax credit provided for in 15-30-2318.

(6) The revenue and transportation interim committee shall review the tax credits scheduled for review in the biennium of the next regular legislative session, including any individual or corporate income tax credits with an expiration or termination date that are not listed in this section, and make recommendations to the

legislature about whether to eliminate or revise the credits. The legislature may extend the review dates by amending this section. The revenue and transportation interim committee shall review the credits using the following criteria:

- (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that may have been made regardless of the existence of the tax credit;
- (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;
- (c) whether the credit has out-of-state beneficiaries;
- (d) the timing of costs and benefits of the credit and how long the credit is effective;
- (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or elimination outweigh adverse impacts; and
- (f) the extent to which benefits of the credit affect the larger economy.

Section 2. Section 5-5-227, MCA, is amended to read:

"5-5-227. Revenue and transportation interim committee -- powers and duties -- revenue estimating and use of estimates. (1) The revenue and transportation interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the state tax appeal board established in 2-15-1015 and for the department of revenue and the department of transportation and the entities attached to the departments for administrative purposes, except the division of the department of revenue that administers the Montana Alcoholic Beverage Code.

(2) (a) The committee must have prepared by December 1 for introduction during each regular session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected to be available for legislative appropriation.

(b) The committee may prepare for introduction during a special session of the legislature in which a revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The revenue estimate is considered a subject specified in the call of a special session under 5-3-101.

(3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the legislature's estimates and the assumptions underlying the estimates will be used by all agencies with responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

(4) The legislative services division shall provide staff assistance to the committee. The committee may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the department of revenue, and any other agency that has information regarding any of the tax or revenue bases of the state.

(5) The committee shall review tax credits scheduled to expire as provided in [section 1]."

Section 3. Repealer. The following sections of the Montana Code Annotated are repealed:

- 15-30-2358. Qualified research tax credit.
- 15-30-2365. Credit for day-care facilities.
- 15-31-133. Credit for day-care facilities.
- 15-31-150. Credit for research expenses and research payments.

Section 4. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section 1].

Section 5. Coordination instruction. If both Senate Bill No. 111 and [this act] are passed and approved, then [section 1(3) of this act] must be amended to include:

"(f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329, 15-31-161, and 15-31-162."

Section 6. Effective date. [This act] is effective on passage and approval.

- END -

I hereby certify that the within bill,
HB 0723, originated in the House.

Speaker of the House

Signed this _____ day
of _____, 2019.

Chief Clerk of the House

President of the Senate

Signed this _____ day
of _____, 2019.

HOUSE BILL NO. 723

INTRODUCED BY D. FERN

BY REQUEST OF THE HOUSE TAXATION STANDING COMMITTEE

AN ACT REVISING INCOME TAX CREDIT LAWS; REQUIRING THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE TO REVIEW TAX CREDITS AND MAKE A RECOMMENDATION TO THE LEGISLATURE; PROVIDING CRITERIA FOR THE COMMITTEE TO USE WHEN REVIEWING TAX CREDITS; REPEALING EXPIRED TAX CREDITS; AMENDING SECTION 5-5-227, MCA; REPEALING SECTIONS 15-30-2358, 15-30-2365, 15-31-133, AND 15-31-150, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.