

1 HOUSE BILL NO. 629

2 INTRODUCED BY D. FERN, M. BLASDEL, J. HAMILTON

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAXATION TO PROMOTE NEW
5 BUSINESS AND ECONOMIC ACTIVITY; PROVIDING FOR THE CREATION OF AN INCOME TAX CREDIT
6 TO INCENTIVIZE MONTANA JOB GROWTH; PROVIDING FOR ADMINISTRATION BY THE DEPARTMENT
7 OF LABOR AND INDUSTRY AND THE DEPARTMENT OF REVENUE; PROVIDING THAT THE CREDITS BE
8 TAKEN AGAINST INDIVIDUAL INCOME TAX AND CORPORATE INCOME TAX LIABILITIES; PROVIDING
9 DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; PROVIDING APPROPRIATIONS; AMENDING
10 SECTIONS 15-30-2303, 15-30-2357, 15-30-2618, AND 15-31-511, MCA; AND PROVIDING AN IMMEDIATE
11 EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

12

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

14

15 **NEW SECTION. Section 1. Employer job growth incentive tax credit -- administration.** (1) An
16 employer that hires qualifying new employees is eligible for an annual job growth incentive tax credit against
17 income taxes imposed pursuant to Title 15, chapter 30 or 31.

18 (2) The amount and duration of the credit is administered by the department of revenue as provided in
19 [sections 2 and 3].

20 (3) A qualifying employer seeking approval to claim a credit shall apply for a credit certificate with the
21 department for the preceding calendar year. The application must be submitted on a form prescribed by the
22 department on which the employer:

23 (a) identifies and describes the number of qualifying new employees hired;

24 (b) provides necessary details to calculate the net employee growth and qualifying net employee
25 growth;

26 (c) provides documentation necessary to calculate the job growth incentive tax credit, including but
27 not limited to the average yearly wage of each qualifying new employee; and

28 (d) submits any other information the department considers necessary for auditing purposes and to

1 determine whether the employer qualifies for a credit certificate.

2 (4) After receiving an application, the department shall:

3 (a) provide the employer with a credit certificate, which must accompany the employer's tax return
4 that is filed with the department of revenue; or

5 (b) deny an application for a credit certificate and provide the employer with the reasoning for the
6 denial. Prior to issuing a denial, the department shall provide the employer with an opportunity to resolve
7 deficiencies in the application.

8 (5) The department shall provide to the department of revenue a list of the qualifying employers
9 approved for a credit certificate, the qualifying new employees employed by the qualifying employer, and the
10 aggregate total of net employee growth and qualified net employee growth for qualified employers claiming the
11 credit. The list must include the federal tax identification number of the qualifying employer and the name and
12 social security number or federal tax identification number of the qualifying new employees that were utilized
13 during the issuance of a credit certificate.

14 (6) The identity and social security number or federal tax identification number of individuals
15 employed by the employer are subject to the provisions of 15-30-2618 and 15-31-511.

16 (7) The department may audit an employer applying for a credit certificate or who has obtained a
17 credit certificate.

18 (8) The department may adopt rules necessary to administer this section.

19 (9) For the purposes of this section, the following definitions apply:

20 (a) "Business transfer" means any change in ownership or transfer of all or a material portion of the
21 business to another entity or individual by entity merger, combination, reorganization, asset acquisition,
22 transfer, or other similar business transaction in which an existing business is continued under new ownership
23 or a different entity.

24 (b) "Credit certificate" means a statement issued by the department to a qualifying employer that
25 provides the number of qualifying new employees hired or retained by the qualifying employer starting with
26 calendar year 2021 and ending in calendar year 2027.

27 (c) "Department" means the department of labor and industry provided for in 2-15-1701.

28 (d) "Employer" includes any person, entity, or fiduciary, resident or nonresident, subject to a tax or

1 other obligation imposed by Title 15, chapters 30 and 31.

2 (e) "Net employee growth" means the difference between the total number of qualifying new
3 employees employed by the employer in the state during any calendar year starting with calendar year 2021
4 and ending in calendar year 2027 and the total number of full-time equivalent employees that were employed
5 by the employer or predecessor in the state during calendar year 2020.

6 (f) "Predecessor" means any entity or individual that operated a business prior to a business transfer
7 to the employer.

8 (g) "Qualifying employer" means an employer with qualifying net employee growth.

9 (h) (i) "Qualifying net employee growth" means:

10 (A) UNLESS SUBSECTION (9)(H)(I)(B) APPLIES, net employee growth equal to at least 10 qualifying new
11 employees during the first year the credit is claimed and at least 15 total qualifying new employees during any
12 subsequent calendar year;

13 (B) FOR A COUNTY WITH A POPULATION OF 20,000 OR LESS, NET EMPLOYEE GROWTH EQUAL TO AT LEAST 5
14 QUALIFYING NEW EMPLOYEES DURING THE FIRST YEAR THE CREDIT IS CLAIMED AND AT LEAST 7 TOTAL QUALIFYING NEW
15 EMPLOYEES DURING ANY SUBSEQUENT CALENDAR YEAR.

16 (ii) In order to qualify, the net employee growth must be associated with a project in the state that
17 encourages, promotes, and stimulates economic development in key economic sectors, including but not
18 limited to agriculture, energy or natural resource development, tourism, construction, information technology,
19 aerospace, health care, bioscience, and life science.

20 (i) (i) "Qualifying new employee" means an employee of a qualifying employer:

21 (A) who is hired in any calendar year starting with calendar year 2021 and ending in calendar year
22 2027;

23 (B) who is employed for at least 6 months during the year for which the credit is granted; and

24 (C) with a yearly wage of at least \$50,000, plus any benefits paid to other employees of the employer.

25 (ii) The term does not include an employee:

26 (A) previously employed by the employer or a predecessor in the preceding 12 months; or

27 (B) hired to replace an employee of a predecessor.

28

1 **NEW SECTION. Section 2. Grow Montana jobs -- annual job growth incentive tax credit.** (1)

2 Subject to the provisions of [section 1], a taxpayer is allowed an annual job growth incentive tax credit against
3 the tax imposed by chapter 31 or this chapter for creating qualifying net employee growth in the state.

4 (2) The amount of the credit is equal to the number of qualifying new employees in the credit
5 certificate multiplied by 50% of the taxpayer's total estimated taxes imposed on the taxpayer each year for the
6 MONTANA SOURCE WAGES PAID TO qualifying new employees under the Federal Insurance Contributions Act, 26
7 U.S.C. 3111(a) and (b).

8 (3) The credit allowed by this section may not be refunded if the taxpayer has a tax liability less than
9 the amount of the credit. If the sum of credit carryovers from the credit, if any, and the amount of credit allowed
10 by this section for the tax year exceeds the taxpayer's tax liability for the current tax year, the excess
11 attributable to the current tax year's credit is a credit carryover to succeeding tax years for a period not to
12 exceed 10 years from the tax year the credit was claimed. The entire amount of unused credit must be carried
13 forward to the earliest of the succeeding years, and the oldest available unused credit must be used first. Any
14 credit remaining 10 years after the tax year for which the credit is based may not be refunded or credited to the
15 taxpayer.

16 (4) The credit may be claimed for up to 7 years, but only in a tax year in which the department of labor
17 and industry approved the credit by issuing the taxpayer with a credit certificate as provided in [section 1]. If a
18 taxpayer claims the credit but was not approved by the department of labor and industry, the taxpayer's return
19 will be processed without regard to the credit.

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

22 (6) The department shall, after consultation with the department of labor and industry, prescribe a
23 form for a taxpayer to claim the tax credit. The form must provide the department with sufficient information for
24 the proper administration of the credit.

25 (7) The department shall provide the department of labor and industry with an annual report detailing
26 the tax credit provided to taxpayers for the previous year. The information provided to the department of labor
27 and industry is subject to the provisions of 15-30-2618 and 15-31-511.

28 (8) A taxpayer claiming this credit may not claim the apprenticeship tax credit pursuant to sections 15-

1 30-2357, 15-31-173, and 39-6-109 in the same tax year that this credit is claimed. This subsection does not
 2 prevent a credit carryover from this credit from being used in a tax year in which the apprenticeship tax credit is
 3 claimed.

4 (9) Each biennium, the department shall provide to the revenue interim committee information
 5 regarding all approvals granted and credit certificates issued, including the credits claimed, the names of the
 6 qualifying employers of the credits, and the amount of tax credits claimed. This information is not subject to the
 7 confidentiality requirements of 15-30-2618 or 15-31-511.

8 (10) For the purposes of this section, the terms "credit certificate", "qualifying employer", "qualifying net
 9 employee growth", and "qualifying new employee" have the same meaning as those terms are defined in
 10 [section 1].

11

12 **NEW SECTION. Section 3. Grow Montana jobs -- annual job growth incentive tax credit.** (1)

13 There is an annual job growth incentive tax credit against the taxes otherwise due under 15-31-121 or 15-31-
 14 122 that is allowable in the amount established pursuant to [section 2] when a taxpayer hires qualifying new
 15 employees in the state. The credit is administered as provided in [sections 1 and 2] and this section.

16 (2) If the credit allowed under this section is claimed by a small business corporation as defined in 15-
 17 30-3301 or a partnership, the credit must be attributed to shareholders or partners using the same proportion to
 18 report the corporation's or partnership's income or loss for Montana income tax purposes.

19

20 **SECTION 4. SECTION 15-30-2303, MCA, IS AMENDED TO READ:**

21 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
 22 must be reviewed during the biennium commencing July 1, 2019:

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

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

2 (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32,
3 part 4;

4 (b) the credit for qualified elderly care expenses provided for in 15-30-2366;

5 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-
6 31-131;

7 (d) the credit for contributions to a university or college foundation or endowment provided for in 15-
8 30-2326, 15-31-135, and 15-31-136;

9 (e) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-
10 3110, and 15-31-158; and

11 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-
12 3111, and 15-31-159.

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

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

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

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

19 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-
20 137;

21 (e) the credit for infrastructure use fees provided for in 17-6-316; and

22 (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
23 2329, 15-31-161, and 15-31-162.

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

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

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

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

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

1 134;

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

3 (f) the credit for unlocking state lands provided for in 15-30-2380; and

4 (g) the job growth incentive tax credit provided for in [sections 2 and 3].

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

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

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

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

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

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

11 15-31-173;

12 (f) the earned income tax credit provided for in 15-30-2318; and

13 (g) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.

14 (6) The revenue interim committee shall review the tax credits scheduled for review in the biennium of
 15 the next regular legislative session, including any individual or corporate income tax credits with an expiration or
 16 termination date that are not listed in this section, and make recommendations to the legislature about whether
 17 to eliminate or revise the credits. The legislature may extend the review dates by amending this section. The
 18 revenue interim committee shall review the credits using the following criteria:

19 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that
 20 may have been made regardless of the existence of the tax credit;

21 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

22 (c) whether the credit has out-of-state beneficiaries;

23 (d) the timing of costs and benefits of the credit and how long the credit is effective;

24 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
 25 elimination outweigh adverse impacts; and

26 (f) the extent to which benefits of the credit affect the larger economy."

27

28 **Section 5.** Section 15-30-2357, MCA, is amended to read:

1 **"15-30-2357. Tax credit for hiring registered apprentice or veteran apprentice.** (1) Subject to the
2 provisions of [section 2(8)] and 39-6-109, a taxpayer is allowed a credit against the tax imposed by chapter 31
3 or this chapter for employing a registered apprentice or registered veteran apprentice who works in Montana.

4 (2) The credit may not exceed the taxpayer's tax liability and may not be carried forward or carried
5 back.

6 (3) The credit may be claimed only in the tax year in which the department of labor and industry
7 approved the credit as provided in 39-6-109(4). If a taxpayer claims the credit but was not approved by the
8 department of labor and industry, the taxpayer's return must be processed without regard to the credit.

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

11 (5) Subject to the probationary period provided for in 39-6-109, if an employer employs an apprentice
12 for less than the full preceding calendar year, the employer may apply for the full credit for the year in which the
13 apprentice was employed.

14 (6) The department shall, after consultation with the department of labor and industry, prescribe a
15 form for a taxpayer to claim the tax credit. The form must provide the department with sufficient information for
16 the proper administration of the credit.

17 (7) The department shall provide the department of labor and industry an annual report detailing the
18 tax credit provided to employers for the previous year. The information provided to the department of labor and
19 industry is subject to the provisions of 15-30-2618 and 15-31-511.

20 (8) The department may adopt rules, prepare forms, and maintain records that are necessary to
21 implement this credit."

22

23 **Section 6.** Section 15-30-2618, MCA, is amended to read:

24 **"15-30-2618. (Temporary) Confidentiality of tax records.** (1) Except as provided in 5-12-303, 15-1-
25 106, 17-7-111, and subsections (7) through (9) of this section, in accordance with a proper judicial order, or as
26 otherwise provided by law, it is unlawful to divulge or make known in any manner:

27 (a) the amount of income or any particulars set forth or disclosed in any individual report or individual
28 return required under this chapter or any other information secured in the administration of this chapter; or

1 (b) any federal return or federal return information disclosed on any return or report required by rule of
2 the department or under this chapter.

3 (2) (a) The officers charged with the custody of the reports and returns may not be required to
4 produce them or evidence of anything contained in them in an action or proceeding in a court, except in an
5 action or proceeding:

6 (i) to which the department is a party under the provisions of this chapter or any other taxing act; or

7 (ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes
8 when the reports or facts shown by the reports are directly involved in the action or proceedings.

9 (b) The court may require the production of and may admit in evidence only as much of the reports or
10 of the facts shown by the reports as are pertinent to the action or proceedings.

11 (3) This section does not prohibit:

12 (a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any
13 return or report filed in connection with the taxpayer's tax;

14 (b) the publication of statistics classified to prevent the identification of particular reports or returns
15 and the items of particular reports or returns; ~~or~~

16 (c) the inspection by the attorney general or other legal representative of the state of the report or
17 return of any taxpayer who brings an action to set aside or review the tax based on the report or return or
18 against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630; or

19 (d) the delivery of information to the revenue interim committee relating to the annual job growth
20 incentive tax credit as provided in [section 2].

21 (4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to
22 the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing
23 separately on the same return. The information being provided to the spouse or reported on the return,
24 including subsequent adjustments or amendments to the return, must be treated in the same manner as if the
25 spouse and the taxpayer filed the return using a joint filing status for that tax year.

26 (5) Reports and returns must be preserved for at least 3 years and may be preserved until the
27 department orders them to be destroyed.

28 (6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the

1 offender is an officer or employee of the state, the offender must be dismissed from office or employment and
2 may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the
3 case of a former officer or employee, for 1 year after conviction.

4 (7) This section may not be construed to prohibit the department from providing taxpayer return
5 information and information from employers' payroll withholding reports to:

6 (a) the department of labor and industry to be used for the purpose of investigation and prevention of
7 noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws;

8 (b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud,
9 and abuse under the workers' compensation program; or

10 (c) the department of public health and human services to verify, as required under 53-6-133, the
11 income reported by applicants for medical assistance.

12 (8) The department may permit the commissioner of internal revenue of the United States or the
13 proper officer of any state imposing a tax on the incomes of individuals or the authorized representative of
14 either officer to inspect the return of income of any individual or may furnish to the officer or an authorized
15 representative an abstract of the return of income of any individual or supply the officer with information
16 concerning an item of income contained in a return or disclosed by the report of an investigation of the income
17 or return of income of an individual, but the permission may be granted or information furnished only if the
18 statutes of the United States or of the other state grant substantially similar privileges to the proper officer of
19 this state charged with the administration of this chapter.

20 (9) On written request to the director or a designee of the director, the department shall furnish:

21 (a) to the department of justice all information necessary to identify those persons qualifying for the
22 additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of
23 justice to administer the provisions of 61-5-105;

24 (b) to the department of public health and human services information acquired under 15-30-2616,
25 pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public
26 assistance fraud and abuse, provided notice to the applicant has been given;

27 (c) to the department of labor and industry for the purpose of:

28 (i) ~~for the purpose of~~ prevention and detection of fraud and abuse in and eligibility for benefits under

1 the unemployment compensation and workers' compensation programs, information on whether a taxpayer
 2 who is the subject of an ongoing investigation by the department of labor and industry is an employee, an
 3 independent contractor, or self-employed; ~~and~~

4 (ii) ~~for the purpose of~~ administering the apprenticeship tax credit provided for in 39-6-109, employer
 5 and apprentice information necessary to implement 15-30-2357, 15-31-173, and 39-6-109; and

6 (iii) administering the annual job growth incentive tax credit provided for in [section 1], taxpayer and
 7 employee information necessary to implement [sections 2 and 3];

8 (d) to the department of fish, wildlife, and parks specific information that is available from income tax
 9 returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and
 10 fishing licenses;

11 (e) to the board of regents information required under 20-26-1111;

12 (f) to the legislative fiscal analyst and the office of budget and program planning individual income tax
 13 information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget
 14 and program planning must be the same as the information provided to the legislative fiscal analyst.

15 (g) to the department of transportation farm income information based on the most recent income tax
 16 return filed by an applicant applying for a refund under 15-70-430, provided that notice to the applicant has
 17 been given as provided in 15-70-430. The information obtained by the department of transportation is subject to
 18 the same restrictions on disclosure as are individual income tax returns.

19 (h) to the department of commerce tax information about a taxpayer whose debt is assigned to the
 20 department of revenue for offset or collection pursuant to the terms of Title 17, chapter 4, part 1. The
 21 information provided to the department of commerce must be used for the purposes of preventing and detecting
 22 fraud or abuse and determining eligibility for grants or loans.

23 (i) to the superintendent of public instruction information required under 20-9-905. (Terminates June
 24 30, 2025, on occurrence of contingency--sec. 48, Ch. 415, L. 2019; subsection (9)(i) terminates December 31,
 25 2023--sec. 33, Ch. 457, L. 2015.)

26 **15-30-2618. (Effective July 1, 2025, on occurrence of contingency) Confidentiality of tax**
 27 **records.** (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (8) and (9) of this section, in
 28 accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known

1 in any manner:

2 (a) the amount of income or any particulars set forth or disclosed in any individual report or individual
3 return required under this chapter or any other information secured in the administration of this chapter; or

4 (b) any federal return or federal return information disclosed on any return or report required by rule of
5 the department or under this chapter.

6 (2) (a) The officers charged with the custody of the reports and returns may not be required to
7 produce them or evidence of anything contained in them in an action or proceeding in a court, except in an
8 action or proceeding:

9 (i) to which the department is a party under the provisions of this chapter or any other taxing act; or

10 (ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes
11 when the reports or facts shown by the reports are directly involved in the action or proceedings.

12 (b) The court may require the production of and may admit in evidence only as much of the reports or
13 of the facts shown by the reports as are pertinent to the action or proceedings.

14 (3) This section does not prohibit:

15 (a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any
16 return or report filed in connection with the taxpayer's tax;

17 (b) the publication of statistics classified to prevent the identification of particular reports or returns
18 and the items of particular reports or returns; or

19 (c) the inspection by the attorney general or other legal representative of the state of the report or
20 return of any taxpayer who brings an action to set aside or review the tax based on the report or return or
21 against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630; or

22 (d) the delivery of information to the revenue interim committee relating to the annual job growth
23 incentive tax credit as provided in [section 2].

24 (4) The department may deliver to a taxpayer's spouse the taxpayer's return or information related to
25 the return for a tax year if the spouse and the taxpayer filed the return with the filing status of married filing
26 separately on the same return. The information being provided to the spouse or reported on the return,
27 including subsequent adjustments or amendments to the return, must be treated in the same manner as if the
28 spouse and the taxpayer filed the return using a joint filing status for that tax year.

1 (5) Reports and returns must be preserved for at least 3 years and may be preserved until the
2 department orders them to be destroyed.

3 (6) Any offense against subsections (1) through (5) is punishable by a fine not exceeding \$500. If the
4 offender is an officer or employee of the state, the offender must be dismissed from office or employment and
5 may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the
6 case of a former officer or employee, for 1 year after conviction.

7 (7) This section may not be construed to prohibit the department from providing taxpayer return
8 information and information from employers' payroll withholding reports to:

9 (a) the department of labor and industry to be used for the purpose of investigation and prevention of
10 noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

11 (b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud,
12 and abuse under the workers' compensation program.

13 (8) The department may permit the commissioner of internal revenue of the United States or the
14 proper officer of any state imposing a tax on the incomes of individuals or the authorized representative of
15 either officer to inspect the return of income of any individual or may furnish to the officer or an authorized
16 representative an abstract of the return of income of any individual or supply the officer with information
17 concerning an item of income contained in a return or disclosed by the report of an investigation of the income
18 or return of income of an individual, but the permission may be granted or information furnished only if the
19 statutes of the United States or of the other state grant substantially similar privileges to the proper officer of
20 this state charged with the administration of this chapter.

21 (9) On written request to the director or a designee of the director, the department shall furnish:

22 (a) to the department of justice all information necessary to identify those persons qualifying for the
23 additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of
24 justice to administer the provisions of 61-5-105;

25 (b) to the department of public health and human services information acquired under 15-30-2616,
26 pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public
27 assistance fraud and abuse, provided notice to the applicant has been given;

28 (c) to the department of labor and industry for the purpose of:

1 (i) ~~for the purpose of~~ prevention and detection of fraud and abuse in and eligibility for benefits under
2 the unemployment compensation and workers' compensation programs, information on whether a taxpayer
3 who is the subject of an ongoing investigation by the department of labor and industry is an employee, an
4 independent contractor, or self-employed; ~~and~~

5 (ii) ~~for the purpose of~~ administering the apprenticeship tax credit provided for in 39-6-109, employer
6 and apprentice information necessary to implement 15-30-2357, 15-31-173, and 39-6-109; and

7 (iii) administering the annual job growth incentive tax credit provided for in [section 1], taxpayer and
8 employee information necessary to implement [sections 2 and 3];

9 (d) to the department of fish, wildlife, and parks specific information that is available from income tax
10 returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and
11 fishing licenses;

12 (e) to the board of regents information required under 20-26-1111;

13 (f) to the legislative fiscal analyst and the office of budget and program planning individual income tax
14 information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget
15 and program planning must be the same as the information provided to the legislative fiscal analyst.

16 (g) to the department of transportation farm income information based on the most recent income tax
17 return filed by an applicant applying for a refund under 15-70-430, provided that notice to the applicant has
18 been given as provided in 15-70-430. The information obtained by the department of transportation is subject to
19 the same restrictions on disclosure as are individual income tax returns.

20 (h) to the department of commerce tax information about a taxpayer whose debt is assigned to the
21 department of revenue for offset or collection pursuant to the terms of Title 17, chapter 4, part 1. The
22 information provided to the department of commerce must be used for the purposes of preventing and detecting
23 fraud or abuse and determining eligibility for grants or loans.

24 (i) to the superintendent of public instruction information required under 20-9-905. (Subsection (9)(i)
25 terminates December 31, 2023--sec. 33, Ch. 457, L. 2015.)"

26

27 **Section 7.** Section 15-31-511, MCA, is amended to read:

28 **"15-31-511. Confidentiality of tax records.** (1) Except as provided in this section, in accordance with

1 a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

2 (a) the amount of income or any particulars set forth or disclosed in any return or report required
3 under this chapter or any other information relating to taxation secured in the administration of this chapter; or

4 (b) any federal return or information in or disclosed on a federal return or report required by law or
5 rule of the department under this chapter.

6 (2) (a) An officer or employee charged with custody of returns and reports required by this chapter
7 may not be ordered to produce any of them or evidence of anything contained in them in any administrative
8 proceeding or action or proceeding in any court, except:

9 (i) in an action or proceeding in which the department is a party under the provisions of this chapter;

10 or

11 (ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions
12 of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or
13 proceeding.

14 (b) If the production of a return, report, or information contained in them is ordered, the court shall
15 limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent
16 to the action or proceeding.

17 (3) This section does not prohibit:

18 (a) the delivery of a certified copy of any return or report filed in connection with a return to the
19 taxpayer who filed the return or report or to the taxpayer's authorized representative;

20 (b) the publication of statistics prepared in a manner that prevents the identification of particular
21 returns, reports, or items from returns or reports;

22 (c) the inspection of returns and reports by the attorney general or other legal representative of the
23 state in the course of an administrative proceeding or litigation under this chapter;

24 (d) access to information under subsection (4);

25 (e) the delivery of information to the revenue interim committee relating to the annual job growth
26 incentive tax credit as provided in [section 2]; or

27 ~~(e)~~(f) the director of revenue from permitting a representative of the commissioner of internal revenue
28 of the United States or a representative of a proper officer of any state imposing a tax on the income of a

1 taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons
2 abstracts of income, returns, and reports; information concerning any item in a return or report; and any item
3 disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish
4 that information to a person representing the United States or another state unless the United States or the
5 other state grants substantially similar privileges to an officer of this state charged with the administration of this
6 chapter.

7 (4) On written request to the director or a designee of the director, the department shall:

8 (a) allow the inspection of returns and reports by the legislative auditor, but the information furnished
9 to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in
10 subsection (1);

11 (b) provide corporate income tax and alternative corporate income tax information, including any
12 information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided
13 in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111.
14 The information furnished to the legislative fiscal analyst and the office of budget and program planning is
15 subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

16 (c) provide to the department of commerce tax information about a taxpayer whose debt is assigned
17 to the department of revenue for offset or collection pursuant to the terms of Title 17, chapter 4, part 1. The
18 information provided to the department of commerce must be used for the purposes of preventing and detecting
19 fraud or abuse and determining eligibility for grants or loans.

20 (d) furnish to the superintendent of public instruction information required under 20-9-905;

21 (e) exchange with the department of labor and industry;

22 (i) taxpayer and apprentice information necessary to implement 15-30-2357, 15-31-173, and 39-6-
23 109; and

24 (ii) taxpayer and employee information necessary to administer the annual job growth incentive tax
25 credit provided for in [sections 1 through 3]; and

26 (f) provide the department of public health and human services with the information necessary to
27 verify, as required under 53-6-133, the income reported by an applicant for medical assistance.

28 (5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or

1 public employee is convicted of violating this section, the person is dismissed from office or employment and
2 may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the
3 case of a former officer or employee, for 1 year after conviction. (Subsection (4)(d) terminates December 31,
4 2023--sec. 33, Ch. 457, L. 2015; subsection (4)(f) terminates June 30, 2025, on occurrence of contingency--
5 sec. 48, Ch. 415, L. 2019.)"

6
7 **NEW SECTION. Section 8. Appropriation.** (1) There is appropriated \$353,000 from the general fund
8 to the department of revenue for the fiscal year beginning July 1, 2021, for the purposes of complying with [this
9 act].

10 (2) There is appropriated \$271,895 from the general fund to the department of revenue for the fiscal
11 year beginning July 1, 2022, for the purposes of complying with [this act].

12
13 **NEW SECTION. Section 9. Codification instruction.** (1) [Section 1] is intended to be codified as
14 an integral part of Title 39, and the provisions of Title 39 apply to [section 1].

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

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

19

20 **NEW SECTION. Section 10. Effective date.** [This act] is effective on passage and approval.

21

22 **NEW SECTION. Section 11. Retroactive applicability.** [This act] applies retroactively, within the
23 meaning of 1-2-109, to tax years beginning after December 31, 2020.

24

25 **NEW SECTION. Section 12. Termination.** [This act] terminates December 31, 2027.

26

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