

1 SENATE BILL NO. 41

2 INTRODUCED BY S. WEBBER

3 BY REQUEST OF THE REVENUE INTERIM COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAX CREDIT REVIEW PROCESS; PROVIDING
6 FOR REVIEW OF TAX CREDITS EVERY 10 YEARS; AND AMENDING SECTIONS 5-5-227 AND 15-30-2303,
7 MCA."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 **Section 1.** Section 5-5-227, MCA, is amended to read:

12 **"5-5-227. Revenue interim committee -- powers and duties -- revenue estimating and use of**
13 **estimates.** (1) The revenue interim committee has administrative rule review, draft legislation review, program
14 evaluation, and monitoring functions for the state tax appeal board established in 2-15-1015 and for the
15 department of revenue and the entities attached to the department for administrative purposes, except the
16 division of the department that administers the Montana Alcoholic Beverage Code.

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

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

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

27 (4) The legislative services division shall provide staff assistance to the committee. The committee
28 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the

1 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of
2 the state.

3 (5) The committee shall review tax credits ~~[scheduled to expire]~~ as provided in 15-30-2303."
4

5 **Section 2.** Section 15-30-2303, MCA, is amended to read:

6 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
7 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10
8 years thereafter:

9 ~~(a)~~ the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;

10 ~~(b)~~(a) the credit for contractor's gross receipts provided for in 15-50-207;

11 ~~(e)~~(b) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;

12 ~~(d)~~(c) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-
13 203;

14 ~~(e)~~(d) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; and

15 ~~(f)~~(e) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

16 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and
17 during each biennium commencing 10 years thereafter:

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

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

21 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-
22 31-131;

23 (d) the credit for contributions to a university or college foundation or endowment provided for in 15-
24 30-2326, 15-31-135, and 15-31-136;

25 (e) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-
26 3110, and 15-31-158; and

27 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-
28 3111, and 15-31-159.

1 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and
2 during each biennium commencing 10 years thereafter:

3 (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-
4 132;

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

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

8 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-
9 137;

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

11 (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
12 2329, 15-31-161, and 15-31-162.

13 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and
14 during each biennium commencing 10 years thereafter:

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

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

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

18 (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-
19 134;

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

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

22 (5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and
23 during each biennium commencing 10 years thereafter:

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

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

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

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

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

1 15-31-173;

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

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

4 (6) The revenue interim committee shall review the tax credits scheduled for review ~~in the biennium of~~
5 ~~the next regular legislative session, including any individual or corporate income tax credits with an expiration or~~
6 ~~termination date that are not listed in this section,~~ and make recommendations to the legislature about whether
7 to eliminate or revise the credits. ~~The legislature may extend the review dates by amending this section.~~ The
8 committee shall also review any tax credit with an expiration date or termination date that is not listed in this
9 section in the biennium before the credit is scheduled to expire or terminate.

10 (7) The revenue interim committee shall review the credits using the following criteria:

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

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

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

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

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

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

19 - END -