

1 HOUSE BILL NO. 225
2 INTRODUCED BY C. SPRUNGER, A. BUCKLEY, B. MERCER, J. FULLER, R. LYNCH, M. NOLAND, D.
3 HARVEY, Z. WIRTH
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN ADOPTION TAX CREDIT; PROVIDING
6 THAT THE TAX CREDIT IS REFUNDABLE; PROVIDING RULEMAKING AUTHORITY; PROVIDING A
7 DEFINITION; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
8 DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

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

11
12 NEW SECTION. Section 1. Adoption tax credit -- rulemaking. (1) A resident taxpayer is allowed a
13 credit against the tax imposed by 15-30-2103 or 15-30-2151 for the legal adoption on or after July 1, 2022, of
14 an eligible child who is a Montana resident ON OR AFTER JULY 1, 2022, for which the taxpayer qualifies for the
15 ~~credit for adoption expenses under section 23 of the Internal Revenue Code, 26 U.S.C. 23.~~

16 (2) The amount of the credit allowed under subsection (1) is equal to:

17 (a) \$7,500 in the tax year the adoption is final if the eligible child was in foster care under the
18 custody of the state as provided in Title 41, chapter 3, at the time of adoption; or

19 (b) \$5,000 in the tax year the adoption is final if the eligible child does not meet the requirements
20 of subsection (2)(a).

21 (3) To claim the credit under this section, the taxpayer shall:

22 (a) include the name, age, location of birth, and federal tax identification number, if known, of the
23 eligible child on the tax return; and

24 (b) provide other information as required by the department, including the identification of an agent
25 assisting with the adoption.

26 (4) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the
27 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of
28 the credit. The credit may be claimed by filing a Montana income tax return.

- 1 (5) Only one credit is allowed for each eligible child.
- 2 (6) The department shall adopt rules to administer this credit.
- 3 (7) FOR THE PURPOSES OF THIS SECTION, "ELIGIBLE CHILD" MEANS A CHILD UNDER THE AGE OF 18 OR A
- 4 PERSON under the age of 19 WHO IS PHYSICALLY OR MENTALLY INCAPABLE OF PROVIDING SELF-CARE.

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

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

- 10 (a) the credit for contractor's gross receipts provided for in 15-50-207; and
- 11 (b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

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

14 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-
15 30-3110, and 15-31-158; ~~and~~

16 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
17 30-3111, and 15-31-159; and

18 (c) the adoption tax credit provided for in [section 1].

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

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

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

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

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