

1 HOUSE BILL NO. 816
2 INTRODUCED BY J. KASSMIER, S. FITZPATRICK
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE DISTRIBUTION OF SURPLUS
5 REVENUE; PROVIDING FOR A SUPPLEMENTAL INCOME TAX REBATE; PROVIDING FOR A
6 SUPPLEMENTAL PROPERTY TAX REBATE; ESTABLISHING A CHILD TAX CREDIT FOR
7 MONTANA RESIDENT TAXPAYERS; PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A
8 CHILD 5 YEARS OF AGE OR YOUNGER; PROVIDING AN APPROPRIATION; AMENDING SECTION 15-30-
9 2303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A
10 TERMINATION DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 NEW SECTION. Section 1. Individual income tax rebate. (1) A qualified taxpayer that is entitled to
15 an individual income tax rebate pursuant to [section 2 of House Bill No. 192] may increase the amount of the
16 filing status limits in [section 2(1)(b) of House Bill No. 192] by the bonus amounts provided in subsection (2). In
17 administering the income tax rebate, the department shall add the bonus to the filing status limits and update
18 any rebate forms to reflect the additional amount.

19 (2) (a) Subject to subsection (2)(c), the amount of the bonus for a single taxpayer, a head of
20 household, or a married taxpayer filing a separate return is the quotient of the appropriation in [section-3 5]
21 divided by 350,000.

22 (b) Subject to subsection (2)(c), the amount of the bonus for a married couple filing a joint return is
23 double the amount provided for in subsection (2)(a).

24 (c) The department shall round the quotients provided for in subsections (2)(a) and (2)(b)
25 downward to the nearest \$1.

26 (3) The bonus provided for in this section is administered as part of the individual income tax
27 rebate provided for in [House Bill No. 192]. Any income tax rebate received that is based on this section is

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1 exempt from taxation under this chapter.

2

3 **NEW SECTION. Section 2. Property tax rebate.** (1) A taxpayer that is entitled to a rebate of
4 Montana property taxes paid pursuant to [sections 1 through 3 of House Bill No. 222] may increase the dollar
5 amount limits of the rebates in [section 2(1)(a) and (1)(b) of House Bill No. 222] by the bonus amounts provided
6 in subsection (2). In administering the rebate, the department shall add the bonus to the dollar amount
7 limitations for tax year 2022 and tax year 2023 and update any rebate forms to reflect the additional amount.

8 (2) (a) Subject to subsection (2)(d), the amount of the bonus for tax year 2022 is half of the amount
9 provided for in subsection (2)(c).

10 (b) Subject to subsection (2)(c), the amount of the bonus for tax year 2023 is half of the amount
11 provided for in subsection (2)(c).

12 (c) The preliminary bonus amount is the quotient of the appropriation in [section-4_6] divided by
13 284,343.

14 (d) The department shall round the quotients provided for in subsections (2)(a) and (2)(b)
15 downward to the nearest \$1.

16 (3) The bonus provided for in this section is administered as part of the property tax rebate
17 provided for in [House Bill No. 222]. Any property tax rebate received that is based on this section is exempt
18 from taxation under this chapter.

19

20 **NEW SECTION. Section 3. Child tax credit.** (1) Except as provided in subsection (3), a resident
21 taxpayer who is permitted a child tax credit under section 24 of the Internal Revenue Code, 26 U.S.C. 24, is
22 allowed a credit against the taxes imposed by this chapter for each qualifying child of the taxpayer.

23 (2) Subject to subsection (6), the amount of the credit is \$1,200 for each qualifying child.

24 (3) The credit is not allowed if the taxpayer's federal adjusted gross income exceeds the threshold
25 amount.

26 (4) To claim the credit, a taxpayer must have:

27 (a) proof of earned income;

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- 1 (b) investment income of less than \$10,300; and
- 2 (c) a valid social security number for each child claimed.
- 3 (5) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the
- 4 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of
- 5 the credit. The credit may be claimed by filing a Montana income tax return.
- 6 (6) The credit in subsection (2) is reduced at a rate of \$90 for each \$1,000 of the taxpayer's federal
- 7 adjusted gross income in excess of \$50,000.
- 8 (7) For the purposes of this section, the following definitions apply:
- 9 (a) "Earned income" means earned income as defined in section 32 of the Internal Revenue Code,
- 10 26 U.S.C. 32.
- 11 (b) "Investment income" means disqualified income as defined in section 32 of the Internal
- 12 Revenue Code, 26 U.S.C. 32.
- 13 (c) "Qualifying child" means a child of the taxpayer who is 5 years of age or younger as of the
- 14 close of the calendar year in which the taxpayer's tax year begins.
- 15 (d) "Threshold amount" is \$56,000, regardless of the individual taxpayer's filing status.

Section 4. Section 15-30-2303, MCA, is amended to read:

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

- 21 (a) the credit for contractor's gross receipts provided for in 15-50-207; ~~and~~
- 22 (b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341;
- 23 ~~and~~
- 24 ~~(c) the child tax credit provided for in [section 3].~~
- 25 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and
- 26 during each biennium commencing 10 years thereafter:
- 27 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-

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1 30-3110, and 15-31-158; and

2 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
3 30-3111, and 15-31-159.

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

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

7 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
8 2329, 15-31-161, and 15-31-162; and

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

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

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

14 (b) the credit for unlocking state lands provided for in 15-30-2380;

15 (c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and

16 (d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174.

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

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

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

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

23 (6) The revenue interim committee shall review the tax credits scheduled for review and make
24 recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about
25 whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date
26 or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or
27 terminate.

- 1 (7) The revenue interim committee shall review the credits using the following criteria:
- 2 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions
- 3 that may have been made regardless of the existence of the tax credit;
- 4 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;
- 5 (c) whether the credit has out-of-state beneficiaries;
- 6 (d) the timing of costs and benefits of the credit and how long the credit is effective;
- 7 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
- 8 elimination outweigh adverse impacts; and
- 9 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)
- 10 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--
- 11 sec. 24(1), Ch. 550, L. 2021.)"

12

13 **NEW SECTION. Section 5. Appropriation -- individual income tax rebate.** (1) There is

14 appropriated \$100 million from the general fund to the department of revenue for the biennium beginning July 1,

15 2023.

16 (2) The appropriation must be used to supplement individual income tax rebates as provided in

17 [section 1].

18

19 **NEW SECTION. Section 6. Appropriation -- property tax rebate.** (1) There is appropriated \$100

20 million from the general fund to the department of revenue for the biennium beginning July 1, 2023.

21 (2) The appropriation must be used to supplement property tax rebates as provided in [section 2].

22

23 **NEW SECTION. Section 7. Codification instruction.** (1) [Section 1] is intended to be codified as an

24 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

25 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 1, and the

26 provisions of Title 15, chapter 1, apply to [section 2].

27 (3) [Section 3] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the

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1 [provisions of Title 15, chapter 30, part 23, apply to \[section 3\].](#)

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3 COORDINATION SECTION. **Section 8. Coordination instruction.** If House Bill No. 192 is not
4 passed and approved, then [sections 1 and ~~3~~5] are void.

5

6 COORDINATION SECTION. **Section 9. Coordination instruction.** If House Bill No. 222 is not
7 passed and approved, then [sections 2 and ~~4~~6] are void.

8

9 NEW SECTION. **Section 10. Severability.** If a part of [this act] is invalid, all valid parts that are
10 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
11 the part remains in effect in all valid applications that are severable from the invalid applications.

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13 NEW SECTION. **Section 11. Effective date.** [This act] is effective on passage and approval.

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15 NEW SECTION. **Section 12. Applicability.** [This act] applies to income tax years beginning after
16 December 31, 2023.

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18 NEW SECTION. **Section 13. Termination.** (1) [Section 1] terminates December 31, 2025.

19 (2) [Section 2] terminates June 30, 2025.

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- END -