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SENATE BILL NO. 258

INTRODUCED BY M. DUNWELL, M. FOX, J. GROSS, S. O'BRIEN, C. POPE, A. OLSEN, D. HAYMAN, E.

MCCLAFFERTY

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A SOCIAL SECURITY INCOME TAX CREDIT;
PROVIDING A MAXIMUM AMOUNT OF THE CREDIT; PROVIDING A REDUCTION OF THE CREDIT BASED
ON FILING STATUS AND ADJUSTED GROSS INCOME; PROVIDING RULEMAKING AUTHORITY;
AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Social security tax credit -- limitations -- reduction rate --**

rulemaking. (1) An individual taxpayer is allowed a credit against the taxes imposed by this chapter on social security benefits or tier 1 railroad retirement benefits received by the taxpayer. The amount of the credit is based on the taxpayer's filing status and the taxpayer's federal adjusted gross income.

(2) Subject to subsection (3), the amount of the credit is equal to the lesser of \$1,200 for each taxpayer that receives benefits or 100% of taxes imposed by this chapter on social security benefits or tier 1 railroad retirement benefits received by the taxpayer. The amount of taxes imposed on benefits is calculated by determining the ratio between taxable social security or tier 1 railroad retirement benefits reported on the return and the taxpayer's federal adjusted gross income and multiplying the ratio by the taxpayer's tax liability on the return before the credit.

(3) (a) The combined credit in subsection (2) for married individuals filing a joint return when both spouses receive taxable benefits is reduced at a rate of \$50 for each \$1,000 of federal adjusted gross income on the joint return in excess of \$65,000.

(3)(b) The credit provided for in this section is reduced at a rate of \$25 for each \$1,000 of the taxpayer's federal adjusted gross income in excess of:

(a)(i) \$65,000 for every married individual who files a joint return when only one spouse has taxable benefits and for every surviving spouse;

1 ~~(b)~~(ii) \$55,000 for every head of household; and

2 ~~(e)~~(iii) \$45,000 for every individual other than a surviving spouse or head of household who is not a
3 married individual.

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

6 ~~(4)~~(5) The department may adopt rules, prepare forms, and maintain records that are necessary to
7 implement this credit.

8

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

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

13 (a) the credit for contractor's gross receipts provided for in 15-50-207; and

14 (b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

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

17 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-
18 30-3110, and 15-31-158; and

19 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
20 30-3111, and 15-31-159; and

21 (c) the social security tax credit provided for in [section 1].

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

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

25 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
26 2329, 15-31-161, and 15-31-162; and

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