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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.

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

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

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

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

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

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

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

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

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

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

18 (7) The 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
20 that 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. (Subsection (4)(d)
27 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--
28 sec. 24(1), Ch. 550, L. 2021.)"

Amendment - 1st Reading-white - Requested by: Mary Ann Dunwell - (S) Taxation

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0258.001.001

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2 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
3 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
4 1].

5

6 NEW SECTION. **Section 4. Applicability.** [This act] applies to income tax years beginning after
7 December 31, 2023.

8

- END -

AMENDED