

HOUSE BILL NO. 911

INTRODUCED BY J. KARLEN, J. HAMILTON, J. COHENOUR, M. MARLER, L. BISHOP, M. THANE, K. ABBOTT, P. TUSS, B. CARTER, M. ROMANO, S. HOWELL

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING INDIVIDUAL INCOME TAX LAWS; REVISING INDIVIDUAL INCOME TAX RATES; INCREASING THE EARNED INCOME TAX CREDIT; REVISING THE TAX RATES APPLICABLE TO CERTAIN NET LONG-TERM CAPITAL GAINS; ESTABLISHING A CHILD TAX CREDIT FOR MONTANA RESIDENT TAXPAYERS; PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 5 YEARS OF AGE OR YOUNGER; CREATING A CIRCUIT BREAKER INCOME TAX CREDIT FOR PROPERTY TAXES PAID AND RENT-EQUIVALENT PROPERTY TAXES PAID; PROVIDING THAT A TAXPAYER MAY CLAIM EITHER THE CIRCUIT BREAKER TAX CREDIT OR THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY AND PARTICIPATE IN THE PROPERTY TAX ASSISTANCE PROGRAM OR THE DISABLED VETERAN ASSISTANCE PROGRAM OR RECEIVE THE INTANGIBLE LAND VALUE PROPERTY EXEMPTION; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-240, 15-6-302, 15-7-102, 15-16-101, 15-17-125, 15-30-2103, 15-30-2120, 15-30-2303, 15-30-2318, AND 15-30-2341, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

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

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

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

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

(4) (a) Except as provided in subsection (4)(b), to claim the credit, a taxpayer must have:

(i) proof of earned income;

- 1 (ii) investment income of less than \$10,300; and
- 2 (iii) a valid social security number for each child claimed.
- 3 (b) The requirement to have proof of earned income does not apply to:
- 4 (i) the parent of a child eligible to receive home and community-based services under Title 53,
- 5 chapter 6, part 4, because of the child's physical or developmental disabilities;
- 6 (ii) a parent who receives social security disability insurance benefit payments under 42 U.S.C.
- 7 423 or veteran disability compensation under 38 U.S.C. 1114; or
- 8 (iii) a grandparent who claims a grandchild as a dependent.
- 9 (5) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the
- 10 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of
- 11 the credit. The credit may be claimed by filing a Montana income tax return.
- 12 (6) The credit in subsection (2) is reduced at a rate of \$90 for each \$1,000 of the taxpayer's federal
- 13 adjusted gross income in excess of \$50,000.
- 14 (7) For the purposes of this section, the following definitions apply:
- 15 (a) "Earned income" means earned income as defined in section 32 of the Internal Revenue Code,
- 16 26 U.S.C. 32.
- 17 (b) "Investment income" means disqualified income as defined in section 32 of the Internal
- 18 Revenue Code, 26 U.S.C. 32.
- 19 (c) "Qualifying child" means a child of the taxpayer who is 5 years of age or younger as of the
- 20 close of the calendar year in which the taxpayer's tax year begins.
- 21 (d) "Threshold amount" is \$56,000, regardless of the individual taxpayer's filing status.

22

23 NEW SECTION. **Section 2. Property tax and rent-equivalent property tax circuit breaker credit -**

24 **- definitions.** As used in [sections 2 through 5], the following definitions apply:

- 25 (1) "Claim period" means the tax year for claimants required to file a Montana tax return or returns
- 26 under chapter 30 and the calendar year for claimants not required to file returns.
- 27 (2) "Claimant" means a person who is eligible to file a claim for a credit under [sections 2 through
- 28 5].

1 (3) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period
2 by the renter or lessee for the right of occupancy of the qualified rental residence pursuant to an arm's-length
3 transaction with the landlord.

4 (4) (a) "Household" means an association of persons who live in the same dwelling, sharing its
5 furnishings, facilities, accommodations, and expenses.

6 (b) The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

7 (5) "Household income" means all income received by all persons of a household in a tax year
8 while they are members of the household.

9 (6) (a) "Income" means, except as provided in subsection (6)(b), federal adjusted gross income,
10 without regard to loss, as that quantity is defined in the Internal Revenue Code, plus all nontaxable income,
11 including but not limited to:

12 (i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans'
13 disability benefits;

14 (ii) the amount of capital gains excluded from adjusted gross income;

15 (iii) alimony;

16 (iv) support money;

17 (v) nontaxable strike benefits;

18 (vi) cash public assistance and relief;

19 (vii) interest on federal, state, county, and municipal bonds; and

20 (viii) all payments received under federal social security except social security income paid directly
21 to a nursing home.

22 (b) For the purposes of this subsection (6), income is reduced by the taxpayer's basis.

23 (7) "Property tax billed" means taxes levied against the qualified residence, including special
24 assessments and fees, but excluding penalties or interest during the claim period.

25 (8) (a) (i) "Qualified rental residence" means any class four residential dwelling that is a single-
26 family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home that is rented
27 from a third party, located in the state, and subject to property taxes and as much of the surrounding land, not
28 exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

1 (ii) The term includes a single-family dwelling unit or unit of a multiple-unit dwelling that is rented
2 from a county or municipal housing authority as provided in Title 7, chapter 15.

3 (b) Except for dwellings rented from a county or municipal housing authority, the term does not
4 include rented dwellings or rented lands that are not subject to Montana property taxes during the claim period.

5 (9) "Qualified residence" means any owner-occupied class four residential dwelling that is a single-
6 family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home located in the
7 state that is subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is
8 reasonably necessary for its use as a dwelling.

9 (10) "Rent-equivalent property tax paid" means 15% of gross rent.

10 (11) "Tax year" means the property tax year preceding the current year in which a claim for a
11 property tax circuit breaker credit is made.

12 (12) "Threshold amount" means the amount determined based on household income as follows:

13 (a) on the first \$20,000 of household income, 1%;

14 (b) on \$20,001 to \$40,000 of household income, 2.5%;

15 (c) on \$40,001 to \$60,000 of household income, 3.5%;

16 (d) on \$60,001 to \$80,000 of household income, 5.5%;

17 (e) on \$80,001 to \$100,000 of household income, 7.5%; and

18 (f) on household income above \$100,000, 9.5%.

19

20 **NEW SECTION. Section 3. Property tax and rent equivalent property tax circuit breaker credit --**

21 **eligibility.** (1) In order to make a claim for a credit under [sections 2 through 5], the individual must have:

22 (a) resided in the state for at least 9 months of the tax year for which the claim is made; and

23 (b) occupied one or more qualified residences as an owner or one or more qualified rental
24 residences as a renter or lessee for at least 6 months of the tax year; and

25 (c) household income of less than \$110,000.

26 (2) A person is not disqualified from claiming the credit under [sections 2 through 5] because of a
27 change of residence during the claim period if the person occupies a qualified residence as an owner or a
28 qualified rental residence as a renter or lessee in the state for at least 7 months during the claim period.

1 (3) A taxpayer may not claim the credit provided for in [sections 2 through 5] and the residential
2 property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341.

3 (4) Only one claim for a property tax circuit breaker credit or the residential property tax credit for
4 the elderly provided for in 15-30-2337 through 15-30-2341 may be made with respect to any qualified
5 residence.

6 (5) A claim for the credit may not be allowed for any portion of property tax billed or rent-equivalent
7 property tax paid that is derived from a public tax subsidy program or a public rent subsidy program.

8 (6) A claim is disallowed if the department finds that the claimant received title to the claimant's
9 qualified residence primarily for the purpose of receiving benefits under [sections 2 through 5].

10 (7) When the landlord and tenant have not dealt at arm's length and the department judges the
11 gross rent charged to be excessive, the department may adjust the amount considered gross rent to a
12 reasonable amount.

13
14 **NEW SECTION. Section 4. Property tax and rent-equivalent property tax circuit breaker credit -**
15 **- credit amount.** (1) There is a credit against the taxes imposed by this chapter for a portion of property tax
16 billed or rent-equivalent property tax paid by a claimant in the tax year as provided in this section.

17 (2) The amount of the credit allowed under this section is equal to the property tax billed or rent-
18 equivalent property tax paid in the tax year times 0.75 minus the threshold amount.

19 (3) If the amount determined is equal to or less than zero, there is no credit.

20 (4) If two or more individuals share a qualified rental residence, each individual may claim the
21 credit based on the proportional share that the individual pays of the gross rent.

22 (5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the
23 excess must be refunded to the claimant. The credit may be claimed even though the claimant has no taxable
24 income under this chapter.

25
26 **NEW SECTION. Section 5. Property tax and rent-equivalent property tax circuit breaker credit -**
27 **- filing date -- denial of claim.** (1) Except as provided in subsection (3), a claim for the credit must be
28 submitted at the same time the claimant's tax return is due under chapter 30. For an individual not required to

1 file a tax return, the claim must be submitted on or before April 15 of the year following the year for which the
2 credit is sought.

3 (2) A receipt showing property taxes billed or gross rent paid must be filed with each claim. Each
4 claimant shall, at the request of the department, supply all additional information necessary to support a claim.

5 (3) The department may grant a reasonable extension for filing a claim whenever, in its judgment,
6 good cause exists.

7 (4) If an individual who would have a claim under [sections 2 through 5] dies before filing the claim,
8 the personal representative of the estate of the decedent may file the claim.

9 (5) The department or an individual may revise a return and make a claim under [sections 2
10 through 5] within 3 years from the last day prescribed for filing a claim for relief.

11 (6) A person filing a false or fraudulent claim under the provisions of [sections 2 through 5] must be
12 charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or fraudulent
13 claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-216.

14

15 **Section 6.** Section 15-6-240, MCA, is amended to read:

16 **"15-6-240. Intangible land value property exemption -- application procedure.** (1) There is an
17 intangible land value assistance program that provides graduated levels of property tax exemptions to assist
18 owners of primary residences with land values that are disproportionate to the value of a primary residence and
19 improvements. To be eligible for the exemption, applicants must meet the requirements of this section.

20 (2) If the total appraised value of the land is equal to or less than 150% of the appraised value of
21 the primary residence and improvements situated on the land, then the land exemption provided in this section
22 does not apply.

23 (3) Subject to subsection ~~(6)~~ (7), if the total appraised value of the land is greater than 150% of the
24 appraised value of the primary residence and improvements situated on the land, then the land is valued at
25 150% of the appraised value of the primary residence and improvements situated on the land, subject to the
26 minimum equalization of value requirement in subsection (4), and the remainder of the land value is exempt
27 from taxation.

28 (4) If the calculation in subsection (3) creates a land value that is less than the statewide average

1 value of land, then the value of the land may not be reduced in an amount that is less than the statewide
2 average value of land multiplied by the acreage of land for the subject property.

3 (5) This section does not provide an exemption for the primary residence and improvements
4 situated on the land.

5 (6) Property eligible for the exemption provided for in this section is not eligible for the property tax
6 assistance programs provided for in Title 15, chapter 6, part 3.

7 ~~(6)~~(7) (a) A claim for assistance must be filed by March 1 of the tax year for which the exemption is
8 sought, on an application form provided by the department. After an exemption is approved, the applicant
9 remains eligible for the exemption for the remainder of the 2-year valuation cycle provided for in 15-7-111 as
10 long as the property is continually used as a primary residence by the applicant. An applicant who does not
11 apply for assistance during the first year of the valuation cycle may apply during the second year of the cycle.

12 (b) The application form must contain:

13 (i) an affirmation that the applicant owns and maintains the land and improvements as the primary
14 residence;

15 (ii) an affirmation that the land has been owned by the applicant or a family member of the
16 applicant within the third degree of consanguinity for at least 30 consecutive years; and

17 (iii) any other information required by the department that is relevant to the applicant's eligibility.

18 (c) When providing information to the department for qualification under this section, applicants
19 are subject to the false swearing penalties established in 45-7-202.

20 (d) The department may investigate the information provided in an application and an applicant's
21 continued eligibility.

22 (e) The department may request applicant verification of the primary residence.

23 ~~(7)~~(8) —As used in this section the following definitions apply:

24 (a) "Land" means:

25 (i) parcels of land or lots of not more than 5 acres under single ownership that support the primary
26 residential improvements. The term does not include parcels of land or lots that do not support the primary
27 residential improvements, regardless of whether those parcels or lots are contiguous with or adjacent to the
28 primary residential property.

1 (ii) subject to the limitations in subsection ~~(7)~~ (8)(a)(i), separately assessed land on which a mobile
2 or manufactured home is located, but only if the mobile or manufactured home and the land are both owned by
3 the applicant.

4 (b) "Primary residence" means a single-family dwelling:

5 (i) in which an applicant can demonstrate the applicant lived for at least 7 months of the year for
6 which benefits are claimed;

7 (ii) that is the only residence for which the land exemption claimed in this section is claimed by the
8 applicant; and

9 (iii) that is owned or under contract for deed by the applicant.

10 (c) "Single-family dwelling" means a residential dwelling, manufactured home, trailer, or mobile
11 home. The term does not include a condominium unit or a unit of a multiple-unit dwelling.

12 (d) "Statewide average value of land" is a value calculated by the department that is equal to the
13 statewide average market value of 1 acre of class four real property described in 15-6-134(1)(a) through (1)(d)."
14

15 **Section 7.** Section 15-6-302, MCA, is amended to read:

16 **"15-6-302. Property tax assistance -- rulemaking.** (1) The requirements of this section must be met
17 for a taxpayer to qualify for property tax assistance under 15-6-305 or 15-6-311.

18 (2) For the property tax assistance programs provided for in 15-6-305 and 15-6-311, the residential
19 real property must be owned by the applicant or under contract for deed and be the primary residence as
20 defined in 15-6-301. The department shall make rules specifying the indicators used for determining whether a
21 residence is a primary residence for purposes of property tax assistance programs.

22 (3) An applicant's qualifying income, as defined in 15-6-301, may not exceed the threshold
23 established in 15-6-305 or 15-6-311 or in rules established pursuant to those sections.

24 (4) (a) A claim for assistance must be submitted on a form prescribed by the department.

25 (b) The form must contain:

26 (i) the qualifying income of the applicant and the applicant's spouse;

27 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
28 residence as defined in 15-6-301;

- 1 (iii) the social security number of the applicant and of the applicant's spouse; and
- 2 (iv) any other information required by the department that is relevant to the applicant's eligibility.
- 3 (5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.
- 4 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in
- 5 subsequent years through the annual verification process defined in 15-6-301 without the need to reapply.
- 6 (c) A taxpayer shall inform the department of any change in eligibility occurring from one year to
- 7 the next.
- 8 (6) The department may verify an applicant's and an applicant's spouse's social security number
- 9 and benefits with the social security administration and the U.S. department of veterans affairs.
- 10 (7) The department must annually verify an applicant's eligibility, including the applicant's and
- 11 spouse's income, and approve, renew, or deny benefits for the current year based upon the findings.
- 12 (8) (a) When providing information for property tax assistance under 15-6-305 or 15-6-311,
- 13 applicants are subject to the false swearing penalties established in 45-7-202.
- 14 (b) The department may investigate the information provided in an application and an applicant's
- 15 continued eligibility.
- 16 (c) The department may request applicant verification of the primary residence.
- 17 (9) The department may address unusual circumstances of ownership and income that arise in
- 18 administering taxpayer assistance programs provided for in 15-6-305 and 15-6-311.
- 19 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary
- 20 residence for the purposes of taxpayer assistance programs provided for in 15-6-305 and 15-6-311.
- 21 (11) The department shall award property assistance under the property tax assistance program
- 22 that provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements, and
- 23 notify the applicant of the department's decision. Assistance may not be granted for property receiving the
- 24 intangible land value property exemption provided for in 15-6-240.

Section 8. Section 15-7-102, MCA, is amended to read:

"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals. (1) (a)

Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser

1 under contract for deed a notice that includes the land classification, market value, and taxable value of the
2 land and improvements owned or being purchased. A notice must be mailed or, with property owner consent,
3 provided electronically to the owner only if one or more of the following changes pertaining to the land or
4 improvements have been made since the last notice:

- 5 (i) change in ownership;
- 6 (ii) change in classification;
- 7 (iii) change in valuation; or
- 8 (iv) addition or subtraction of personal property affixed to the land.

9 (b) The notice must include the following for the taxpayer's informational and informal classification
10 and appraisal review purposes:

11 (i) a notice of the availability of all the property tax assistance programs available to property
12 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
13 assistance programs provided for in Title 15, chapter 6, part 3, the property tax and rent-equivalent property tax
14 circuit breaker credit provided for in [sections 2 through 5], and the residential property tax credit for the elderly
15 provided for in 15-30-2337 through 15-30-2341;

16 (ii) the total amount of mills levied against the property in the prior year;

17 (iii) the market value for the prior reappraisal cycle;

18 (iv) if the market value has increased by more than 10%, an explanation for the increase in
19 valuation;

20 (v) a statement that the notice is not a tax bill; and

21 (vi) a taxpayer option to request an informal classification and appraisal review by checking a box
22 on the notice and returning it to the department.

23 (c) When the department uses an appraisal method that values land and improvements as a unit,
24 including the sales comparison approach for residential condominiums or the income approach for commercial
25 property, the notice must contain a combined appraised value of land and improvements.

26 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the
27 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

28 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and

1 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
2 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
3 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
4 changes over the prior tax year.

5 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
6 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
7 15-1-402.

8 (c) The department is not required to mail or provide electronically the notice to a new owner or
9 purchaser under contract for deed unless the department has received the realty transfer certificate from the
10 clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by
11 subsection (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board
12 of the date of the mailing or the date when the taxpayer is informed the information is available electronically.

13 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
14 market value of the property as determined by the department or with the classification of the land or
15 improvements, the owner may request an informal classification and appraisal review by submitting an
16 objection on written or electronic forms provided by the department for that purpose or by checking a box on the
17 notice and returning it to the department in a manner prescribed by the department.

18 (i) For property other than class three property described in 15-6-133, class four property
19 described in 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30
20 days from the date on the notice.

21 (ii) For class three property described in 15-6-133 and class four property described in 15-6-134,
22 the objection may be made only once each valuation cycle. An objection must be made in writing or by
23 checking a box on the notice within 30 days from the date on the classification and appraisal notice for a
24 reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection
25 made more than 30 days from the date of the classification and appraisal notice will be applicable only for the
26 second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle,
27 the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the
28 second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of

1 the valuation cycle, within 30 days from the date on the notice.

2 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only
3 once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30
4 days from the date on the classification and appraisal notice for a reduction in the appraised value to be
5 considered for all years of the 6-year appraisal cycle. An objection made more than 30 days after the date of
6 the classification and appraisal notice applies only for the subsequent remaining years of the 6-year reappraisal
7 cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer shall make the
8 objection in writing or by checking a box on the notice no later than June 1 of the year for which the value is
9 being appealed or, if a classification and appraisal notice is received after the first year of the valuation cycle,
10 within 30 days from the date on the notice.

11 (b) If the objection relates to residential or commercial property and the objector agrees to the
12 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
13 8 weeks of submission of the objection, the following information:

14 (i) the methodology and sources of data used by the department in the valuation of the property;
15 and

16 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that
17 the methodology was used.

18 (c) At the request of the objector or a representative of the objector, and only if the objector or
19 representative signs a written or electronic confidentiality agreement, the department shall provide in written or
20 electronic form:

21 (i) comparable sales data used by the department to value the property;

22 (ii) sales data used by the department to value residential property in the property taxpayer's
23 market model area; and

24 (iii) if the cost approach was used by the department to value residential property, the
25 documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

26 (d) For properties valued using the income approach as one approximation of market value, notice
27 must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the
28 receipt of all aggregate model output that the department used in the valuation model for the property.

1 (e) The review must be conducted informally and is not subject to the contested case procedures
2 of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual
3 selling price of the property and other relevant information presented by the taxpayer in support of the
4 taxpayer's opinion as to the market value of the property. The department shall consider an independent
5 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate
6 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the
7 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall
8 provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to
9 the taxpayer of the time and place of the review.

10 (f) After the review, the department shall determine the correct appraisal and classification of the
11 land or improvements and notify the taxpayer of its determination by mail or electronically. The department may
12 not determine an appraised value that is higher than the value that was the subject of the objection unless the
13 reason for an increase was the result of a physical change in the property or caused by an error in the
14 description of the property or data available for the property that is kept by the department and used for
15 calculating the appraised value. In the notification, the department shall state its reasons for revising the
16 classification or appraisal. When the proper appraisal and classification have been determined, the land must
17 be classified and the improvements appraised in the manner ordered by the department.

18 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust
19 an appraisal or classification upon the taxpayer's objection unless:

20 (a) the taxpayer has submitted an objection on written or electronic forms provided by the
21 department or by checking a box on the notice; and

22 (b) the department has provided to the objector by mail or electronically its stated reason in writing
23 for making the adjustment.

24 (5) A taxpayer's written objection or objection made by checking a box on the notice and
25 supplemental information provided by a taxpayer that elects to check a box on the notice to a classification or
26 appraisal and the department's notification to the taxpayer of its determination and the reason for that
27 determination are public records. The department shall make the records available for inspection during regular
28 office hours.

1 (6) If a property owner feels aggrieved by the classification or appraisal made by the department
 2 after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
 3 appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review
 4 in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days
 5 from the date on the notice of the department's determination. A county tax appeal board or the Montana tax
 6 appeal board may consider the actual selling price of the property, independent appraisals of the property, and
 7 other relevant information presented by the taxpayer as evidence of the market value of the property. If the
 8 county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the
 9 department shall adjust the base value of the property in accordance with the board's order."

10

11 **Section 9.** Section 15-16-101, MCA, is amended to read:

12 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the
 13 receipt of the property tax record, the county treasurer shall publish a notice specifying:

14 (a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next
 15 November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount
 16 then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency
 17 until paid and 2% will be added to the delinquent taxes as a penalty;

18 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on
 19 the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the
 20 rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes
 21 as a penalty; and

22 (c) the time and place at which payment of taxes may be made.

23 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
 24 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due
 25 and delinquent for other years. The written notice must include:

26 (i) the taxable value of the property;

27 (ii) the total mill levy applied to that taxable value;

28 (iii) itemized city services and special improvement district assessments collected by the county;

1 (iv) the number of the school district in which the property is located;
 2 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
 3 tax, school district tax, and other tax;

4 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill
 5 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit
 6 provided for in 15-10-420; and

7 (vii) a notice of the availability of all the property tax assistance programs available to property
 8 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
 9 assistance programs under Title 15, chapter 6, part 3, the property tax and rent-equivalent property tax circuit
 10 breaker credit provided for in [sections 2 through 5], and the residential property tax credit for the elderly under
 11 15-30-2337 through 15-30-2341.

12 (b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to
 13 draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of
 14 property, and that the taxpayer may contact the county treasurer for complete information.

15 (3) The municipality shall, upon request of the county treasurer, provide the information to be
 16 included under subsection (2)(a)(iii) ready for mailing.

17 (4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post
 18 notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
 19 current year or of delinquent tax will not affect the legality of the tax.

20 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
 21 additional tax is not owed and a new tax bill does not need to be prepared."

22

23 **Section 10.** Section 15-17-125, MCA, is amended to read:

24 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
 25 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
 26 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
 27 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
 28 pursuant to 15-17-323.

1 (b) The county treasurer may not attach a tax lien to a property on which taxes are delinquent but
2 for which proper notice was not given.

3 (2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must
4 contain:

5 (a) the date on which the property taxes became delinquent;

6 (b) the date on which a property tax lien was attached to the property;

7 (c) the name and address of record of the person to whom the taxes were assessed;

8 (d) a description of the property on which the taxes were assessed;

9 (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;

10 (f) a statement that the tax lien certificate represents a lien on the property that may lead to the
11 issuance of a tax deed for the property;

12 (g) a statement specifying the date on which the county or an assignee will be entitled to a tax
13 deed; and

14 (h) an identification number corresponding to the tax lien certificate.

15 (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate
16 must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be
17 mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the
18 person may contact the county treasurer for further information on property tax liens.

19 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
20 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
21 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
22 the availability of all the property tax assistance programs available to property taxpayers, including the
23 property tax assistance programs under Title 15, chapter 6, part 3, the property tax and rent-equivalent property
24 tax circuit breaker credit provided for in [sections 2 through 5], and the residential property tax credit for the
25 elderly under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks prior to the
26 date on which the county treasurer attaches the tax lien.

27 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
28

1 **Section 11.** Section 15-30-2103, MCA, is amended to read:

2 **"15-30-2103. (Temporary) Rate of tax.** (1) Except as provided in 15-30-3704 there must be levied,
3 collected, and paid for each tax year upon the taxable income of each taxpayer subject to this tax, after making
4 allowance for exemptions and deductions as provided in this chapter, a tax on the brackets of taxable income
5 as follows:

- 6 (a) on the first \$2,900 of taxable income or any part of that income, 1%;
- 7 (b) on the next \$2,200 of taxable income or any part of that income, 2%;
- 8 (c) on the next \$2,700 of taxable income or any part of that income, 3%;
- 9 (d) on the next \$2,700 of taxable income or any part of that income, 4%;
- 10 (e) on the next \$3,000 of taxable income or any part of that income, 5%;
- 11 (f) on the next \$3,900 of taxable income or any part of that income, 6%;
- 12 (g) on any taxable income in excess of \$17,400 or any part of that income, [6.75%].

13 (2) By November 1 of each year, the department shall multiply the bracket amount contained in
14 subsection (1) by the inflation factor for the following tax year and round the cumulative brackets to the nearest
15 \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the basis for
16 imposition of the tax in subsection (1) of this section. (Bracketed language is temporarily amended to "6.9%" on
17 occurrence of contingency for income tax years 2022 and 2023 until December 31, 2023--secs. 8, 10, Ch. 488,
18 L. 2021--see compiler's comment.)

19 **15-30-2103. (Effective January 1, 2024) Rate of tax -- net long-term capital gains -- definitions.**

20 (1) Except as provided in ~~15-30-3704 and subsection (2) of this section~~ subsections (2) and (3), there must be
21 levied, collected, and paid for each tax year ~~upon~~on the Montana taxable income of each taxpayer subject to
22 this chapter a tax on the brackets of taxable income as follows:

23 (a) for every married individual who files a joint return and for every surviving spouse:

- 24 (i) on the first \$41,000 of Montana taxable income or any part of that income, 4.7%;
- 25 (ii) on ~~any~~ Montana taxable income in excess of \$41,000 and less than \$400,000 or any part of
26 that income, 5.9%;
- 27 (iii) on Montana taxable income in excess of \$400,000 and less than \$600,000, 6.5%;
- 28 (iv) on Montana taxable income in excess of \$600,000 and less than \$800,000, 7.5%;

1 (v) on Montana taxable income in excess of \$800,000 and less than \$1 million, 8.2%; and

2 (vi) on any Montana taxable income in excess of \$1 million, 8.9%;

3 (b) for every head of household:

4 (i) on the first \$30,750 of Montana taxable income or any part of that income, 4.7%;

5 (ii) on ~~any~~ Montana taxable income in excess of \$30,750 and less than \$300,000 or any part of
6 that income, 5.9%;

7 (iii) on Montana taxable income in excess of \$300,000 and less than \$450,000, 6.5%;

8 (iv) on Montana taxable income in excess of \$450,000 and less than \$600,000, 7.5%;

9 (v) on Montana taxable income in excess of \$600,000 and less than \$750,000, 8.2%; and

10 (vi) on any Montana taxable income in excess of \$750,000, 8.9%;

11 (c) for every individual other than a surviving spouse or head of household who is not a married
12 individual:

13 (i) on the first \$20,500 of Montana taxable income or any part of that income, 4.7%;

14 (ii) on ~~any~~ Montana taxable income in excess of \$20,500 and less than \$200,000 or any part of
15 that income, 5.9%;

16 (iii) on Montana taxable income in excess of \$200,000 and less than \$300,000, 6.5%;

17 (iv) on Montana taxable income in excess of \$300,000 and less than \$400,000, 7.5%;

18 (v) on Montana taxable income in excess of \$400,000 and less than \$500,000, 8.2%; and

19 (vi) on any Montana taxable income in excess of \$500,000, 8.9%; and

20 (d) for every married individual who does not make a joint return and for every estate or trust not
21 exempt from taxation under the Internal Revenue Code:

22 (i) on the first \$20,500 of Montana taxable income or any part of that income, 4.7%;

23 (ii) on ~~any~~ Montana taxable income in excess of \$20,500 and less than \$200,000 or any part of
24 that income, 5.9%;

25 (iii) on Montana taxable income in excess of \$200,000 and less than \$300,000, 6.5%;

26 (iv) on Montana taxable income in excess of \$300,000 and less than \$400,000, 7.5%;

27 (v) on Montana taxable income in excess of \$400,000 and less than \$500,000, 8.2%; and

28 (vi) on any Montana taxable income in excess of \$500,000, 8.9%.

1 (2) Except as provided in 15-30-3704 and subsection (3) of this section, that portion of a taxpayer's
2 Montana taxable income that consists of net long-term capital gains after accounting for amounts included in
3 taxable income that is not net long-term capital gains is subject to a tax on the brackets of net long-term capital
4 gains as follows:

5 (a) for every married individual who files a joint return and for every surviving spouse:
6 (i) on the first \$41,000 less nonqualified taxable income of net long-term capital gains, 3.0%; and
7 (ii) on net long-term capital gains that exceed \$41,000 less nonqualified taxable income but are
8 less than \$400,000 less nonqualified taxable income, 4.1%, except that if the total nonqualified taxable income
9 is \$41,000 or greater, all of the net long-term capital gains are taxed at 4.1%;

10 (b) for every head of household:
11 (i) on the first \$30,750 less nonqualified taxable income of net long-term capital gains, 3.0%; and
12 (ii) on any net long-term capital gains that exceed \$30,750 less nonqualified taxable income but
13 are less than \$300,000 less nonqualified taxable income, 4.1%, except that if the total nonqualified taxable
14 income is \$30,750 or greater, all of the net long-term capital gains are taxed at 4.1%;

15 (c) for every individual other than a surviving spouse or head of household who is not a married
16 individual:
17 (i) on the first \$20,500 less nonqualified taxable income of net long-term capital gains, 3.0%; and
18 (ii) on any net long-term capital gains that exceed \$20,500 less nonqualified taxable income but
19 are less than \$200,000 less nonqualified taxable income, 4.1%, except that if the total nonqualified taxable
20 income is \$20,500 or greater, all of the net long-term capital gains are taxed at 4.1%; and

21 (d) for every married individual who does not make a joint return and for every estate or trust that
22 is not exempt from taxation under the Internal Revenue Code:

23 (i) on the first \$20,500 less nonqualified taxable income of net long-term capital gains, 3.0%; and
24 (ii) on any net long-term capital gains that exceed \$20,500 less nonqualified taxable income but
25 are less than \$200,000 less nonqualified taxable income, 4.1%, except that if the total nonqualified taxable
26 income is \$20,500 or greater, all of the net long-term capital gains are taxed at 4.1%.

27 ~~(2)~~(3) By November 1 of each year, the department shall multiply the bracket amounts contained in
28 subsection-subsections (1) and (2) by the inflation factor for the following tax year and round the cumulative

1 brackets to the nearest \$100. The resulting adjusted brackets are effective for that following tax year and must
2 be used as the basis for imposition of the tax in ~~subsection~~ subsections (1) and (2).

3 (4) For the purposes of this section, the following definitions apply:

4 (a) "Net long-term capital gains" means net long-term capital gains as that term is defined in
5 section 1222 of the Internal Revenue Code, 26 U.S.C. 1222.

6 (b) "Nonqualified taxable income" means Montana taxable income that is not considered net long-
7 term capital gains."

8

9 **Section 12.** Section 15-30-2120, MCA, is amended to read:

10 **"15-30-2120. (Effective January 1, 2024) Adjustments to federal taxable income to determine**
11 **Montana taxable income.** (1) The items in subsection (2) are added to and the items in subsection (3) are
12 subtracted from federal taxable income to determine Montana taxable income.

13 (2) The following are added to federal taxable income:

14 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from
15 obligations of a territory or another state or any political subdivision of a territory or another state and exempt-
16 interest dividends attributable to that interest except to the extent already included in federal taxable income;

17 (b) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal
18 Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the
19 income;

20 (c) depreciation or amortization taken on a title plant as defined in 33-25-105;

21 (d) the recovery during the tax year of an amount deducted in any prior tax year to the extent that
22 the amount recovered reduced the taxpayer's Montana income tax in the year deducted;

23 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal
24 taxable income if the item was also used to calculate a credit against a Montana income tax liability;

25 (f) a deduction for an income distribution from an estate or trust to a beneficiary that was included
26 in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal
27 Revenue Code, 26 U.S.C. 651 and 661;

28 (g) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for

1 a purpose other than an eligible medical expense or long-term care of the employee or account holder or a
2 dependent of the employee or account holder;

3 (h) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63,
4 used for a purpose other than for eligible costs for the purchase of a single-family residence;

5 (i) for a taxpayer that deducts the qualified business income deduction pursuant to section 199A
6 of the Internal Revenue Code, 26 U.S.C. 199A, an amount equal to the qualified business income deduction
7 claimed; and

8 (j) for a taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the Internal
9 Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction claimed, not
10 to exceed the amount required to reduce the federal itemized amount computed under section 161 of the
11 Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under
12 section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c).

13 (3) To the extent they are included as income or gain or not already excluded as a deduction or
14 expense in determining federal taxable income, the following are subtracted from federal taxable income:

15 (a) a deduction for an income distribution from an estate or trust to a beneficiary in accordance
16 with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the
17 additions and subtractions in subsections (2) and (3)(b) through (3)~~(m)~~(l);

18 (b) if exempt from taxation by Montana under federal law:

19 (i) interest from obligations of the United States government and exempt-interest dividends
20 attributable to that interest; and

21 (ii) railroad retirement benefits;

22 (c) (i) salary received from the armed forces by residents of Montana who are serving on active
23 duty in the regular armed forces and who entered into active duty from Montana;

24 (ii) the salary received by residents of Montana for active duty in the national guard. For the
25 purposes of this subsection (3)(c)(ii), "active duty" means duty performed under an order issued to a national
26 guard member pursuant to:

27 (A) Title 10, U.S.C.; or

28 (B) Title 32, U.S.C., for a homeland defense activity, as defined in 32 U.S.C. 901, or a contingency

1 operation, as defined in 10 U.S.C. 101, and the person was a member of a unit engaged in a homeland
2 defense activity or contingency operation.

3 (iii) the amount received pursuant to 10-1-1114 or from the federal government by a service
4 member, as defined in 10-1-1112, as reimbursement for group life insurance premiums paid;

5 (iv) the amount received by a beneficiary pursuant to 10-1-1201; and

6 (v) all payments made under the World War I bonus law, the Korean bonus law, and the veterans'
7 bonus law. Any income tax that has been or may be paid on income received from the World War I bonus law,
8 Korean bonus law, and the veterans' bonus law is considered an overpayment and must be refunded upon the
9 filing of an amended return and a verified claim for refund on forms prescribed by the department in the same
10 manner as other income tax refund claims are paid.

11 (d) interest and other income related to contributions that were made prior to January 1, 2024, that
12 are retained in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for
13 payment of eligible medical expenses or for the long-term care of the employee or account holder or a
14 dependent of the employee or account holder;

15 (e) contributions or earnings withdrawn from a family education savings account provided for in
16 Title 15, chapter 62, or from a qualified tuition program established and maintained by another state as
17 provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified
18 education expenses, as defined in 15-62-103, of a designated beneficiary;

19 (f) interest and other income related to contributions that were made prior to January 1, 2024, that
20 are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal
21 for payment of eligible costs for the first-time purchase of a single-family residence;

22 (g) for each taxpayer that has attained the age of 65, an additional subtraction of \$5,500;

23 (h) the amount of a scholarship to an eligible student by a student scholarship organization
24 pursuant to 15-30-3104;

25 (i) a payment received by a private landowner for providing public access to public land pursuant
26 to Title 76, chapter 17, part 1;

27 (j) the amount of any refund or credit for overpayment of income taxes imposed by this state or
28 any other taxing jurisdiction to the extent included in gross income for federal income tax purposes but not

1 previously allowed as a deduction for Montana income tax purposes;

2 (k) the recovery during the tax year of any amount deducted in any prior tax year to the extent that
3 the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted; and

4 ~~(l) an amount equal to 30% of net long term capital gains, as defined in section 1222 of the Internal
5 Revenue Code, 26 U.S.C. 1222, if and to the extent such gain is taken into account in computing federal
6 taxable income; and~~

7 ~~(m)(l) —the amount of the gain recognized from the sale or exchange of a mobile home park as
8 provided in 15-31-163.~~

9 (4) (a) A taxpayer who, in determining federal taxable income, has reduced the taxpayer's
10 business deductions:

11 (i) by an amount for wages and salaries for which a federal tax credit was elected under sections
12 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the
13 wages and salaries paid regardless of the credit taken; or

14 (ii) for which a federal tax credit was elected under the Internal Revenue Code is allowed to
15 deduct the amount of the business expense paid when there is no corresponding state income tax credit or
16 deduction, regardless of the credit taken.

17 (b) The deductions in subsection (4)(a) must be made in the year that the wages, salaries, or
18 business expenses were used to compute the credit. In the case of a partnership or small business corporation,
19 the deductions in subsection (4)(a) must be made to determine the amount of income or loss of the partnership
20 or small business corporation.

21 (5) (a) An individual who contributes to one or more accounts established under the Montana
22 family education savings program or to a qualified tuition program established and maintained by another state
23 as provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce
24 taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each
25 spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts.
26 Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each
27 spouse. The reduction in taxable income under this subsection (5)(a) applies only with respect to contributions
28 to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or

1 stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not
2 apply with respect to withdrawals of contributions that reduced federal taxable income.

3 (b) Contributions made pursuant to this subsection (5) are subject to the recapture tax provided for
4 in 15-62-208.

5 (6) (a) An individual who contributes to one or more accounts established under the Montana
6 achieving a better life experience program or to a qualified program established and maintained by another
7 state may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of
8 married taxpayers, each spouse is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions
9 to the accounts. Spouses may jointly elect to treat one-half of the total contributions made by the spouses as
10 being made by each spouse. The reduction in taxable income under this subsection (6)(a) applies only with
11 respect to contributions to an account for which the account owner is the taxpayer, the taxpayer's spouse, or
12 the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of
13 subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced taxable income.

14 (b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in
15 53-25-118.

16 (7) By November 1 of each year, the department shall multiply the subtraction from federal taxable
17 income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for
18 that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must
19 be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g)."

20

21 **Section 13.** Section 15-30-2303, MCA, is amended to read:

22 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
23 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10
24 years thereafter:

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

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

27 and

28 (c) the property tax and rent-equivalent property tax circuit breaker credit provided for in [sections

1 2 through 5].

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

4 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-
5 30-3110, and 15-31-158; ~~and~~

6 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
7 30-3111, and 15-31-159; and

8 (c) the child tax credit provided for in [section 1].

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

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

12 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
13 2329, 15-31-161, and 15-31-162; and

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

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

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

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

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

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

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 credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357
25 and 15-31-173;

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

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

28 (6) The revenue interim committee shall review the tax credits scheduled for review and make

1 recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about
 2 whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date
 3 or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or
 4 terminate.

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

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

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

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

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

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

13 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)

14 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--
 15 sec. 24(1), Ch. 550, L. 2021.)"

16

17 **Section 14.** Section 15-30-2318, MCA, is amended to read:

18 **"15-30-2318. Earned income tax credit.** (1) Except as provided in subsection (3), a resident
 19 taxpayer is allowed as a credit against the tax imposed by 15-30-2103 a percentage of the credit allowed for the
 20 federal earned income credit for which the individual taxpayer is eligible for the tax year under section 32 of the
 21 Internal Revenue Code, 26 U.S.C. 32.

22 (2) The amount of the credit allowed under subsection (1) is ~~3%~~ 25% of the amount of the credit
 23 determined for the tax year under section 32 of the Internal Revenue Code, 26 U.S.C. 32.

24 (3) (a) Except for married taxpayers living apart who are treated as single under section 7703(b) of
 25 the Internal Revenue Code, 26 U.S.C. 7703(b), the credit is not allowed to married taxpayers if the spouses
 26 report their income on separate tax forms. Married taxpayers filing separately on the same form may allocate
 27 the credit between spouses.

28 (b) The credit is not allowed on earned income that is treated as a dividend received by a member

1 of an agricultural organization provided for in section 501(d) of the Internal Revenue Code, 26 U.S.C. 501(d).
 2 For the purpose of this subsection (3)(b), the amount of the state tax credit provided for in subsection (2) is
 3 reduced by the reduction percentage.

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

7 (5) For the purpose of this section, the following definitions apply:

8 (a) "Earned income" means earned income, as defined in section 32 of the Internal Revenue
 9 Code, 26 U.S.C. 32, that was used to determine the amount of the federal earned income tax credit under
 10 subsection (2).

11 (b) "Reduction percentage" means a percentage that is calculated by dividing the earned income
 12 that is disallowed under subsection (3)(b) by the total amount of earned income."
 13

14 **Section 15.** Section 15-30-2341, MCA, is amended to read:

15 **"15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim.** (1) Only
 16 one claimant per household in a claim period under the provisions of 15-30-2337 through 15-30-2341 is entitled
 17 to relief.

18 ~~(2)~~ A taxpayer may not claim the property tax and rent-equivalent property tax circuit breaker credit
 19 provided for in [sections 2 through 5] and the residential property tax credit for the elderly.

20 ~~(2)(3)~~ Except as provided in subsection ~~(3)~~ (4), a claim for relief may not be allowed for any portion of
 21 property taxes billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.

22 ~~(3)(4)~~ Except for dwellings rented from a county or municipal housing authority, a claim for relief may
 23 not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the
 24 claim period.

25 ~~(4)(5)~~ A person filing a false or fraudulent claim under the provisions of 15-30-2337 through 15-30-
 26 2341 must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or
 27 fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-
 28 216."

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NEW SECTION. Section 16. Codification instruction. [Sections 1 through 5] are intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [sections 1 through 5].

NEW SECTION. Section 17. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Sections 8 through 12] are effective January 1, 2024.

NEW SECTION. Section 18. Applicability. (1) Except as provided in subsection (2), [this act] applies to income tax years beginning after December 31, 2023.

(2) [Sections 2 through 5] apply to property tax and rent-equivalent property tax circuit breaker credits claimed in income tax years beginning on or after January 1, 2024, for property taxes billed after December 31, 2023.

- END -