HOUSE BILL NO. 832


A BILL FOR AN ACT ENTITLED: “AN ACT PROVIDING AN INCOME TAX CREDIT FOR CHILD-CARE WORKERS; ADJUSTING THE CREDIT ANNUALLY FOR INFLATION; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE.”

WHEREAS, the Legislature finds that child-care workers are paid less than most other comparable professions; and

WHEREAS, a lack of available, high-quality child care in the state has prevented many parents from fully participating in the labor force and further exacerbated the state's workforce shortage; and

WHEREAS, more early childhood education graduates are needed to meet the demand for child-care workers, and addressing the income discrepancy could encourage more students to pursue an early childhood education degree; and

WHEREAS, roughly 25% of child-care workers and providers live in poverty.

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

NEW SECTION. Section 1. Credit for child-care workers -- rulemaking. (1) A resident taxpayer is allowed a credit against the tax imposed by this chapter for employment as a child-care worker.

(2) The amount of the credit is equal to $1,600.

(3) To be eligible for the credit under this section, a child-care worker must have been employed for at least 6 months of the tax year and work a minimum of 20 hours a week.

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

The credit provided for in this section must be adjusted annually by the inflation factor for the year in which the credit is claimed. The adjusted credit becomes the new base for the next year's credit calculation.

For the purposes of this section, the following definitions apply:

(a) "Child-care worker" means a person listed in the early childhood project workforce registry who:

(i) owns or is employed in a licensed or registered day-care center, day-care facility, family day-care home, or group day-care home as those terms are defined in 52-2-703; or

(ii) works as an early childhood teacher, early childhood assistant, school-age teacher, or director or owner of a center or facility provided for in subsection (7)(a)(i).

(b) "Inflation factor" means a number determined for each tax year by dividing the consumer price index for June of the previous tax year by the consumer price index for June 2023.

Section 2. 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:

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

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

(c) the credit for child-care workers provided for in [section 1].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The revenue interim committee shall review the credits using the following criteria:

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

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

(c) whether the credit has out-of-state beneficiaries;
(d) the timing of costs and benefits of the credit and how long the credit is effective;

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

(f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d) terminates December 31, 2026—sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028—sec. 24(1), Ch. 550, L. 2021.)"

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


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