HOUSE BILL NO. 860

INTRODUCED BY J. FITZPATRICK, J. HAMILTON, K. WALSH, D. LOGE, R. FITZGERALD, M. HOPKINS, P. TUSS, D. HARVEY, J. KASSMIER

A BILL FOR AN ACT ENTITLED: “AN ACT PROVIDING AN INCOME TAX CREDIT FOR THE INSTALLATION OF FIRE SUPPRESSION EQUIPMENT IN RURAL AREAS; PROVIDING THAT THE CREDIT MAY BE CLAIMED BY INDIVIDUALS, PASS-THROUGHS, OR CORPORATIONS; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE.”

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

NEW SECTION. Section 1. Credit for installation of fire suppression equipment in rural areas.

(1) A taxpayer or corporation is allowed a credit against the tax imposed by chapter 31 or this chapter for the cost of installing fire suppression equipment in a rural area outside of an incorporated city or town.

(2) The credit is equal to:

(a) 30% of the installed cost of a nonpressurized water storage tank with a capacity of 5,000 gallons or more, a dry hydrant, and pipelines; or

(b) 50% of the installed cost of a pressurized hydrant system.

(3) (a) Except as provided in subsection (3)(b), a credit may only be claimed under subsection (2)(b) for a pressurized hydrant system used exclusively for fire suppression.

(b) A credit is allowed for a pressurized hydrant system that is part of a community or public water supply, but the credit is only available for the additional cost of the hydrant system.

(4) A tax credit under this section must be claimed in the year the installation expenses were incurred.

(5) The credit allowed under this section may not exceed the taxpayer's income tax liability but may be carried forward 2 years.

(6) If the credit allowed under this section is claimed by a small business corporation, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the
same proportion as used to report the entity’s income or loss.

(7) The aggregate amount of tax credits allowed under this section is $20 million a year. Credits must be awarded on a first-come, first-served basis.

(8) Pursuant to 5-4-104, the purpose of the credit is to provide a financial incentive to install fire suppression equipment in the state's rural areas.

NEW SECTION. Section 2. Credit for installation of fire suppression equipment in rural areas.

There is a credit against tax liability under this chapter for the cost of installing fire suppression equipment in a rural area outside of an incorporated city or town as provided in [section 1].

Section 3. 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.

(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,
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; and

(e) the credit for the installation of fire suppression equipment in rural areas provided for in [sections 1 and 2].

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 4. Codification instruction. (1) [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].
(2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions of Title 15, chapter 31, apply to [section 2].


NEW SECTION. Section 6. Termination. [This act] terminates December 31, 2028.