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SENATE BILL NO. 259

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

MCCLAFFERTY

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A SMALL BUSINESS EMPLOYER TAX CREDIT FOR THE EXPENSE ASSOCIATED WITH PAYING A LIVING WAGE TO A QUALIFYING EMPLOYEE IN AN ELIGIBLE PROFESSION; PROVIDING THAT THE CREDIT BE TAKEN AGAINST INDIVIDUAL INCOME TAX AND CORPORATE INCOME TAX LIABILITIES; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Tax credit for paying living wage -- rulemaking. (1) Subject to the provisions of this section, a small business employer is allowed a credit against the tax imposed by chapter 31 or this chapter for expenses incurred in paying a living wage to a qualifying employee for at least 60 days during the tax year.

(2) The credit is equal to \$1,000 for each qualifying employee paid a living wage by a small business employer. The credit for each qualifying employee may not exceed the amount of the living wage paid to the qualifying employee during the tax year. A small business employer's total credit allowed under subsection (1) during a tax year may not exceed \$25,000.

(3) The credit may not exceed the small business employer's tax liability and may not be carried forward or carried back.

(4) The department may adopt rules, prepare forms, and maintain records that are necessary to implement this credit. The rules may include additional eligible professions beyond those listed in subsection ~~(5)(a)~~ (6)(a) and adopt government statistics for the purpose of determining which professions qualify for the credit. The legislature intends that the department implement this credit in a manner that encourages a small

Amendment - 1st Reading-white - Requested by: Mary Ann Dunwell - (S) Business, Labor, and Economic Affairs

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0259.001.001

1 business employer to pay a living wage in a broad range of professions in which statewide average pay for an
2 employee is less than \$15 an hour.

3 (5) By November 1 of each year, the department shall multiply the hourly wage contained in
4 subsection (4) by the inflation factor for the following tax year and round the hourly wage to the nearest 1 cent.
5 The resulting hourly wage is effective for that following tax year and must be used as the basis for the hourly
6 wage in subsection (4).

7 ~~(5)~~(6) For the purposes of this section, the following definitions apply:

8 (a) "Eligible profession" means:

9 (i) bakers;

10 (ii) cashiers;

11 (iii) child-care providers;

12 (iv) cleaners of vehicles and equipment;

13 (v) cooks;

14 (vi) dining room and cafeteria attendants and bartender helpers;

15 (vii) dishwashers;

16 (viii) entertainment attendants and related workers;

17 (ix) food preparation and serving workers, including fast food workers;

18 (x) hairdressers, hairstylists, and cosmetologists;

19 (xi) hand packers and packagers;

20 (xii) hotel, motel, and resort desk clerks;

21 (xiii) hosts and hostesses at a restaurant, lounge, or coffee shop;

22 (xiv) laundry and dry cleaning workers;

23 (xv) maids and housekeepers;

24 (xvi) miscellaneous agricultural workers;

25 (xvii) miscellaneous personal appearance workers, including those who work in nail salons and other
26 personal care services;

27 (xviii) nursing, psychiatric, and home health aides;

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1 (xix) nonrestaurant food servers, including hospital cafeteria and hotel workers;

2 (xx) packaging and filling machine operators and tenders;

3 (xxi) personal care aides;

4 (xxii) refuse and recyclable material collectors;

5 (xxiii) sewing machine operators; and

6 (xxiv) waiters and waitresses.

7 (b) "Living wage" means an hourly payment of wage income to an employee for services
8 performed in the state that is equal to or greater than \$15 an hour.

9 (c) "Qualifying employee" means an employee that works in an eligible profession in the state.

10 (d) "Small business employer" means an employer that employs an average of 30 or fewer
11 employees in the state during the tax year.

12
13 **NEW SECTION. Section 2. Corporate income tax credit for paying living wage.** (1) There is a
14 small business employer tax credit against the taxes otherwise imposed by 15-31-101, 15-31-121, and 15-31-
15 122 that is allowable in the amount established pursuant to [section 1] for expenses incurred in paying a living
16 wage to a qualifying employee for at least 7 months during the tax year. The credit is administered as provided
17 in [section 1] and this section.

18 (2) If the credit allowed under [section 1] and this section is claimed by a small business
19 corporation as defined in 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to
20 shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

21

22 **Section 3.** Section 15-30-2303, MCA, is amended to read:

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

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

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