

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

4 (5) The credit in subsection (2) is reduced at a rate of \$50 for each \$1,000 of the taxpayer's federal
5 adjusted gross income in excess of:

6 (a) \$40,000 for a single or head of household taxpayer; and

7 (b) \$80,000 for a married taxpayer filing jointly.

8 (6) The department shall annually adjust the credit amount in subsection (2) and the adjusted
9 gross income amounts in subsections (5)(a) and (5)(b) by the inflation factor for the following tax year and
10 round to the nearest \$100.

11 (7) For the purposes of this section, the following definitions apply:

12 (a) "Earned income" means earned income as defined in section 32 of the Internal Revenue Code,
13 26 U.S.C. 32.

14 (b) "Inflation factor" means a number determined for each tax year by dividing the consumer price
15 index for June of the previous tax year by the consumer price index for June 2025.

16 (c) "Investment income" means "disqualified income" as defined in section 32 of the Internal
17 Revenue Code, 26 U.S.C. 32.

18 (d) "Qualifying child" means a child of the taxpayer who is 5 years of age or younger as of the
19 close of the calendar year in which the taxpayer's tax year begins.

20
21 **NEW SECTION. Section 2. Credit for child-care workers -- rulemaking.** (1) A resident taxpayer is
22 allowed a credit against the tax imposed by this chapter for employment as a child-care worker.

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

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

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

1 (5) The department may adopt rules to administer this credit.

2 (6) The department shall annually adjust the credit provided for in this section by the inflation factor
3 for the following tax year and round to the nearest \$100.

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

5 (a) "Child-care worker" means a person listed in the department of public health and human
6 services' child care under the big sky system who:

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

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

11 (b) "Inflation factor" means a number determined for each tax year by dividing the consumer price
12 index for June of the previous tax year by the consumer price index for June 2025.

13

14 NEW SECTION. Section 3. Business-supported dependent care credit. (1) There is a credit
15 against the taxes otherwise due under Title 15, chapter 31, and this chapter for an employer for amounts paid
16 or incurred during the tax year by the employer for dependent care assistance actually provided to or on behalf
17 of an employee.

18 (2) (a) The amount of the credit allowed under subsection (1) is equal to the amount paid or
19 incurred by the employer during the tax year, but the credit may not exceed \$5,000 of dependent care
20 assistance actually provided to or on behalf of the employee.

21 (b) In the case of an onsite facility, the amount on which the credit allowed under subsection (1) is
22 based, with respect to a dependent, must be based on utilization and the value of the services provided.

23 (3) An amount paid or incurred by an employer to provide dependent care assistance to or on
24 behalf of an employee does not qualify for the credit allowed under subsection (1):

25 (a) to the extent the amount is paid or incurred pursuant to a salary reduction plan; or

26 (b) if the amount is paid or incurred for services not performed within this state.

27 (4) If the credit allowed under subsection (1) is claimed, the amount of a deduction allowed or
28 allowable under this chapter for the amount that qualifies for the credit or on which the credit is based must be

1 reduced by the dollar amount of the credit allowed. The election to claim a credit allowed under this section
2 must be made at the time of filing the tax return.

3 (5) The amount on which the credit allowed under subsection (1) is based may not be included in
4 the gross income of the employee to whom the dependent care assistance is provided. However, the amount
5 excluded from the income of an employee under this section may not exceed the limitations provided in section
6 129(b) of the Internal Revenue Code, 26 U.S.C. 129(b). For the purposes of Title 15, chapter 30, part 25, with
7 respect to an employee to whom dependent care assistance is provided, "wages" does not include an amount
8 excluded under this subsection.

9 (6) The credit allowed by this section may be refunded if the taxpayer has a tax liability less than
10 the amount of the credit.

11 (7) If the taxpayer is an S. corporation, as defined in section 1361 of the Internal Revenue Code,
12 26 U.S.C. 1361, and the taxpayer elects to take tax credit relief, the election may be made on behalf of the
13 corporation's shareholders. A shareholder's credit must be computed using the shareholder's pro rata share of
14 the corporation's costs that qualify for the credit. In all other respects, the effect of the tax credit applies to the
15 corporation as otherwise provided by law.

16 (8) The department shall annually adjust the credit provided for in this section by the inflation factor
17 for the following tax year and round to the nearest \$100.

18 (9) For the purposes of the credit allowed under subsection (1), the definitions and special rules
19 contained in section 129(e) of the Internal Revenue Code, 26 U.S.C. 129(e), apply to the extent applicable.

20 (10) For the purposes of this section, the following definitions apply:

21 (a) "Employer" means an employer carrying on a business, trade, occupation, or profession in this
22 state.

23 (b) "Inflation factor" means a number determined for each tax year by dividing the consumer price
24 index for June of the previous tax year by the consumer price index for June 2025.

25
26 **NEW SECTION. Section 4. Business-supported dependent care credit.** There is a credit against
27 the taxes otherwise due under this chapter for an employer for amounts paid or incurred during the tax year by
28 the employer for dependent care assistance actually provided to or on behalf of an employee as provided in

1 [section 3].

2

3 **Section 5.** Section 15-30-2303, MCA, is amended to read:

4 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
5 must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 8
6 years thereafter:

7 (a) the credit for donations to innovative educational programs provided for in 15-30-2334, 15-30-
8 3110, and 15-31-158;

9 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
10 30-3111, and 15-31-159; and

11 (c) the adoption tax credit provided for in 15-30-2321; and

12 (d) the child tax credit provided for in [section 1];

13 (e) the credit for child-care workers provided for in [section 2]; and

14 (f) the business-supported dependent care credit provided for in [sections 3 and 4].

15 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and
16 during each biennium commencing 8 years thereafter:

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

18 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
19 2329, 15-31-161, and 15-31-162;

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

22 (d) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151.

23 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and
24 during each biennium commencing 8 years thereafter:

25 (a) the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-
26 2341;

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

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

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

2 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and
3 during each biennium commencing 8 years thereafter:

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

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

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

8 and

9 (d) the credit for contractor's gross receipts provided for in 15-50-207.

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

15 (6) The revenue interim committee shall review the credits using the following criteria:

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

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

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

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

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

23 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (3)(c)
24 terminates December 31, 2028--sec. 4, Ch. 391, L. 2023; subsection (3)(d) terminates December 31, 2028--
25 sec. 2, Ch. 576, L. 2023; subsection (1)(c) terminates December 31, 2031--sec. 6, Ch. 493, L. 2023.)"

26
27 **NEW SECTION. Section 6. Codification instruction.** (1) [Sections 1 through 3] are intended to be
28 codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [sections

1 1 through 3].

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

4

5 NEW SECTION. **Section 7. Applicability.** [This act] applies to income tax years beginning after
6 December 31, 2025.

7

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