

HOUSE BILL NO. 860

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A VETERINARY TRAINING LOAN PROGRAM; PROVIDING THAT THE LOAN PROGRAM PROVIDES LOANS TO VETERINARY STUDENTS WHO COMMIT TO PRACTICING IN UNDERSERVED AREAS IN MONTANA; PROVIDING PROGRAM REQUIREMENTS, INCLUDING A PREFERENCE FOR APPLICANTS WHO ARE MONTANA RESIDENTS; PROVIDING FOR REPAYMENT OF THE LOAN IF THE PARTICIPANT DOES NOT FULFILL THE PROGRAM REQUIREMENTS; PROVIDING THAT A FORGIVEN LOAN IS NOT CONSIDERED INCOME FOR INCOME TAX PURPOSES; PROVIDING AN APPROPRIATION; PROVIDING DEFINITIONS; ESTABLISHING REPORTING REQUIREMENTS; AMENDING SECTION 15-30-2120, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Short title.** [Sections 1 through 10] may be cited as the "Rural Montana Veterinary Workforce Act".

NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 10] is to establish a veterinary training program for underserved areas in rural Montana. The program provides incentives for students pursuing a doctor of veterinary medicine program to locate their veterinary practice in rural Montana communities and to meet the needs of those owning animals in underserved areas.

NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 10], unless the context clearly indicates otherwise, the following definitions apply:

1 (1) "Accredited college of veterinary medicine" means a veterinary medicine program at an
2 institution of higher education accredited by the American veterinary medical association council on education.

3 (2) "Advisory committee" means the veterinary training loan program advisory committee provided
4 for in [section 9].

5 (3) "Commissioner" means the commissioner of higher education provided for in Article X, section
6 9, of the Montana constitution and 2-15-1506.

7 (4) "Loan" means a loan provided to a participant of the veterinary training loan program.

8 (5) "Loan program" means the veterinary training loan program provided for in [sections 1 through
9 10].

10 (6) "Participant" means an individual selected by the commissioner to participate in the veterinary
11 training loan program.

12 (7) "Program agreement" means an agreement pursuant to [section 6] entered into by a participant
13 in the veterinary training loan program

14 (8) "Underserved area" means an area within the state established by the commissioner pursuant
15 to [section 8(1)] with a demonstrated veterinarian shortage or that has been unsuccessful in recruiting and
16 retaining the services of licensed veterinarians.

17
18 **NEW SECTION. Section 4. Veterinary training loan program -- eligibility.** (1) There is a veterinary
19 training loan program as provided in [sections 1 through 10] for students enrolled in a veterinary medicine
20 degree program who commit to practice in an underserved area. The commissioner shall administer the loan
21 program.

22 (2) To qualify for the loan program, a student must:

23 (a) be enrolled in an accredited college of veterinary medicine;

24 (b) have successfully fulfilled the course requirements for at least one term of instruction and be in
25 good standing at an accredited college of veterinary medicine; and

26 (c) certify at the time of application that the student has not defaulted on any education loans.

27 (3) Preference must be given to students who are Montana residents. It is the intent of the
28 legislature that the commissioner apply the board of regents' residency policy to determine if an applicant is a

1 Montana resident.

2

3 **NEW SECTION. Section 5. Veterinary training loan program -- limits -- payment required.** (1)

4 The commissioner shall select, in consultation with the advisory committee provided for in [section 9], not more
5 than four new students to participate in the loan program each year. Once enrolled, a participant may receive a
6 loan for each year that the participant continues to meet the requirements of the loan program.

7 (2) Each participant may receive a total loan not to exceed \$100,000 as follows:

8 (a) a maximum of \$25,000 each year for a student enrolled in a 4-year degree program
9 culminating in a doctor of veterinary medicine or equivalent degree; or

10 (b) a maximum of ~~\$33,000~~ \$33,333 each year for a student enrolled in a 3-year degree program
11 culminating in a doctor of veterinary medicine or equivalent degree.

12 (3) A participant shall request a loan payment following the completion of each academic year and
13 provide an academic progress report documenting the participant's good standing and progression. The
14 commissioner shall pay the loan upon the request of the participant and a showing of good standing and
15 progression.

16

17 **NEW SECTION. Section 6. Program agreement.** (1) Each student selected as a program participant
18 shall enter into a program agreement with the commissioner that includes a commitment to:

19 (a) complete all curriculum requirements to obtain a doctor of veterinary medicine degree or its
20 equivalent;

21 (b) obtain and maintain the license necessary to practice veterinary medicine in Montana;

22 (c) engage in full-time practice of veterinary medicine in an underserved area for 4 years in
23 Montana; and

24 (d) begin the full-time practice of veterinary medicine in an underserved area within 180 days after
25 completion of:

26 (i) the doctor of veterinary medicine or equivalent program degree; or

27 (ii) a postdegree training program, such as an internship, a residency, or additional graduate
28 studies.

1 (2) If a participant fails to complete the degree requirements to earn a doctor of veterinary
2 medicine degree, the commissioner shall secure recovery of loan payments made to the participant plus
3 interest, late fees, and collection costs. The program agreement must outline the repayment requirements if the
4 participant fails to meet the requirements of the program agreement. The repayment requirements must provide
5 for payment of the loan within 10 years from the date of entering into the program agreement.

6 (3) The rate of interest on a loan may not exceed 8% annually.

7 (4) A program agreement may specify a period of postponement of the program agreement or
8 criteria for postponing the program agreement.

9

10 NEW SECTION. Section 7. Loan forgiveness and repayment. (1) For each period of 12
11 consecutive months that the participant practices veterinary medicine full time in an underserved area, a
12 participant must receive loan forgiveness equal to one-quarter of the participant's total loan amount.

13 (2) Except as provided in subsections (3) through (5), if a participant fails to meet the requirements
14 of the program agreement provided for in [section 6], the participant shall repay, within 10 years from the date
15 of entering into the program agreement, the amount of the loan not forgiven pursuant to subsection (1) plus
16 interest, late fees, and costs associated with collection efforts. The rate of interest on a loan may not exceed
17 8% annually. The amount due must be prorated based on the amount of time the participant practiced
18 veterinary medicine full time in an underserved area.

19 (3) If a location is no longer considered an underserved area after a participant entered into the
20 program agreement, a participant who continues to practice in the former underserved area is eligible for loan
21 forgiveness if the other requirements of the program agreement are met.

22 (4) The requirements of a program agreement must be postponed at the request of the participant
23 during:

24 (a) a period of temporary medical disability during which the participant is unable to practice
25 veterinary medicine; or

26 (b) a period of postponement agreed to or determined in accordance with criteria included in the
27 program agreement.

28 (5) The repayment provisions of subsection (2) do not apply and a loan must be forgiven if:

1 (a) the participant is unable to practice veterinary medicine due to permanent disability; or

2 (b) the participant dies.

3 (6) A loan repaid pursuant to this section must be deposited in the general fund.

4

5 **NEW SECTION. Section 8. Administration of veterinary training loan program.** The

6 commissioner shall:

7 (1) establish procedures for initially determining and periodically updating underserved areas;

8 (2) establish application and selection processes and timelines;

9 (3) to the extent possible seek to replicate relevant processes used to administer the Montana
10 rural physician incentive program provided for in 20-26-1503;

11 (4) adopt policies and procedures for the administration of the veterinary training loan program
12 consistent with [sections 1 through 10]; and

13 (5) select students for the loan program in consultation with the advisory committee provided for in
14 [section 9] by giving preference to applicants who are Montana residents and who agree to practice in an
15 underserved area and by considering the following:

16 (a) an applicant's ability and willingness to practice in an underserved area; and

17 (b) an applicant's date of availability to begin practicing in an underserved area.

18

19 **NEW SECTION. Section 9. Advisory committee.** (1) There is a veterinary training loan program
20 advisory committee attached to the office of the commissioner of higher education for administrative purposes
21 only as described in 2-15-121. The purpose of the advisory committee is to provide input to the commissioner
22 on the veterinary training loan program provided for in [sections 1 through 10].

23 (2) The advisory committee is composed of the following members:

24 (a) a representative of the board of livestock appointed by the presiding officer of the board of
25 livestock;

26 (b) a representative from the Montana state university department of animal and range sciences
27 appointed by the head of the department;

28 (c) a representative from a school of veterinary medicine in Montana appointed by the governor;

1 (d) a representative from the livestock industry appointed by the governor;

2 (e) a representative of the Montana department of labor and industry with a background in
3 workforce development in rural areas appointed by the director of the Montana department of labor and
4 industry;

5 (f) a veterinarian licensed and practicing in Montana appointed by governor; and

6 (g) a member of the public appointed by the governor.

7 (3) The public members of the advisory committee shall serve 3-year terms. The initial
8 appointments may specify a shorter length of the initial term in order to stagger the terms. Vacancies must be
9 filled for the balance of an unexpired term in the same manner as the initial appointment. A member of the
10 committee may be reappointed.

11 (4) The public members of the committee shall serve without compensation but may be
12 reimbursed as provided in 2-18-501 through 2-18-503, subject to available funding.

13 (5) The advisory committee shall:

14 (a) advise the commissioner on matters related to the loan program;

15 (b) provide input to the commissioner regarding underserved areas in Montana; and

16 (c) make recommendations to the commissioner on the selection of students for the loan program.

17
18 **NEW SECTION. Section 10. Report to legislature.** The commissioner shall report biennially, in
19 accordance with 5-11-210, to the economic affairs interim committee and the education interim committee on
20 the veterinary training loan program. The report must include the following information:

21 (1) the selection, progress, and retention of students and practicing participants;

22 (2) changes to the areas qualifying as underserved areas; and

23 (3) how the level of veterinary services is affected by the loan program.

24

25 **Section 11.** Section 15-30-2120, MCA, is amended to read:

26 **"15-30-2120. Adjustments to federal taxable income to determine Montana taxable income. (1)**

27 The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable
28 income to determine Montana taxable income.

- 1 (2) The following are added to federal taxable income:
- 2 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from
3 obligations of a territory or another state or any political subdivision of a territory or another state and exempt-
4 interest dividends attributable to that interest except to the extent already included in federal taxable income;
- 5 (b) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal
6 Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the
7 income;
- 8 (c) depreciation or amortization taken on a title plant as defined in 33-25-105;
- 9 (d) the recovery during the tax year of an amount deducted in any prior tax year to the extent that
10 the amount recovered reduced the taxpayer's Montana income tax in the year deducted;
- 11 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal
12 taxable income if the item was also used to calculate a credit against a Montana income tax liability;
- 13 (f) a deduction for an income distribution from an estate or trust to a beneficiary that was included
14 in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal
15 Revenue Code, 26 U.S.C. 651 and 661;
- 16 (g) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for
17 a purpose other than an eligible medical expense or long-term care of the employee or account holder or a
18 dependent of the employee or account holder;
- 19 (h) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63,
20 used for a purpose other than for eligible costs for the purchase of a single-family residence;
- 21 (i) for a taxpayer that deducts the qualified business income deduction pursuant to section 199A
22 of the Internal Revenue Code, 26 U.S.C. 199A, an amount equal to the qualified business income deduction
23 claimed;
- 24 (j) for an individual taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the
25 Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction
26 claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161
27 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under
28 section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c); and

1 (k) for a pass-through entity, estate, or trust, the amount of state income taxes deducted pursuant
2 to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C 164(a)(3).

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

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

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

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

11 (ii) railroad retirement benefits;

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

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

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

18 (B) Title 32, U.S.C., for a homeland defense activity, as defined in 32 U.S.C. 901, or a contingency
19 operation, as defined in 10 U.S.C. 101, and the person was a member of a unit engaged in a homeland
20 defense activity or contingency operation.

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

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

27 (d) annual contributions and income in a medical care savings account provided for in Title 15,
28 chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the

1 employee or account holder or a dependent of the employee or account holder;

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

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

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

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

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

14 (j) the amount of any refund or credit for overpayment of income taxes imposed by this state or
15 any other taxing jurisdiction to the extent included in gross income for federal income tax purposes but not
16 previously allowed as a deduction for Montana income tax purposes;

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

19 (l) the amount of the gain recognized from the sale or exchange of a mobile home park as
20 provided in 15-31-163;

21 (m) payments from the Montana end of watch trust as provided in 2-15-2041;

22 (n) (i) subject to subsection (9), a portion of military pensions or military retirement income as
23 calculated pursuant to subsection (8) that is received by a retired member of:

24 (A) the armed forces of the United States, as defined in 10 U.S.C. 101;

25 (B) the Montana army national guard or the army national guard of other states;

26 (C) the Montana air national guard or the air national guard of other states; or

27 (D) a reserve component, as defined in 38 U.S.C. 101, of the United States armed forces; and

28 (ii) subject to subsection (9), up to 50% of all income received as survivor benefits for military

1 service provided for in subsection (3)(n)(i)(A) through (3)(n)(i)(D); and

2 (o) the amount of the property tax rebate received under 15-1-2302; and

3 (p) the amount of a veterinary training loan program loan forgiven pursuant to [section 7].

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

6 (i) by an amount for wages and salaries for which a federal tax credit was elected under sections
7 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
8 wages and salaries paid regardless of the credit taken; or

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

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

16 (5) (a) An individual who contributes to one or more accounts established under the Montana
17 family education savings program or to a qualified tuition program established and maintained by another state
18 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
19 taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each
20 spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts.
21 Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each
22 spouse. The reduction in taxable income under this subsection (5)(a) applies only with respect to contributions
23 to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or
24 stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not
25 apply with respect to withdrawals of contributions that reduced federal taxable income.

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

28 (6) (a) An individual who contributes to one or more accounts established under the Montana

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

9 (b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in
10 53-25-118.

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

15 (8) (a) Subject to subsection (9), the subtraction in subsection (3)(n)(i) is equal to the lesser of:

- 16 (i) the amount of Montana source wage income on the return; or
- 17 (ii) 50% of the taxpayer's military pension or military retirement income.

18 (b) For the purposes of subsection (8)(a)(i), "Montana source wage income" means:

- 19 (i) wages, salary, tips, and other compensation for services performed in the state;
- 20 (ii) net income from a trade, business, profession, or occupation carried on in the state; and
- 21 (iii) net income from farming activities carried on in the state.

22 (9) The subtractions in subsection (3)(n):

23 (a) may only be claimed by a person who:

- 24 (i) becomes a resident of the state after June 30, 2023; or
- 25 (ii) was a resident of the state before receiving military pension or military retirement income and
26 remained a resident after receiving military pension or military retirement income;

27 (b) may only be claimed for 5 consecutive years after satisfying the provisions of subsection (9)(a);

28 and

1 (c) are not available if a taxpayer claimed the exemption before becoming a nonresident.
2 (Subsection (3)(o) terminates June 30, 2025--sec. 10, Ch. 47, L. 2023; subsections (3)(n), (8), and (9) terminate
3 December 31, 2033--sec. 4, Ch. 650, L. 2023.)"

4
5 **NEW SECTION. Section 12. Appropriation.** (1) There is appropriated \$425,000 from the general
6 fund to the commissioner of higher education for the biennium beginning July 1, 2025, for the veterinary training
7 loan program provided for in [sections 1 through 10].

8 (2) The legislature intends that the appropriation in this section be considered part of the ongoing
9 base for the next legislative session.

10
11 **NEW SECTION. Section 13. Codification instruction.** [Sections 1 through 10] are intended to be
12 codified as a new part in Title 20, chapter 26, and the provisions of Title 20, chapter 26, apply to [sections 1
13 through 10].

14
15 **NEW SECTION. Section 14. Effective date.** [This act] is effective July 1, 2025.

16 - END -