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SENATE BILL NO. 14
INTRODUCED BY G. HERTZ
BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MONTANA ECONOMIC DEVELOPMENT
INDUSTRY ADVANCEMENT ACT; INCREASING THE LIMIT ON MONTANA ECONOMIC DEVELOPMENT
INDUSTRY ADVANCEMENT ACT FILM TAX CREDITS; PROVIDING RECORDING REQUIREMENTS;
AMENDING SECTION SECTIONS 15-31-1010; AND 15-31-1011, MCA; REPEALING SECTIONS 1
THROUGH 9, CHAPTER 509, LAWS OF 2021; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A
RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-31-1010, MCA, is amended to read:

~~" **15-31-1010. (Temporary) Limitation of tax credits.** (1) (a) The department of commerce may grant to applicants pursuant to 15-31-1004 the authority to apply for the tax credits provided for in 15-31-1007 and 15-31-1009.~~

~~(b) The authorization by the department of commerce to apply for a credit does not guarantee the credit. A taxpayer authorized to apply for a credit pursuant to 15-31-1004 and this section must meet the requirements of 15-31-1005 through 15-31-1009 and subsection (2) of this section.~~

~~(c) The department of commerce shall make reasonable efforts to post on its website the amount of tax credits available and not yet allocated.~~

~~(2) (a) Total claims for the tax credits provided for in 15-31-1007 and 15-31-1009 may not exceed [\$12 million] per calendar year.~~

~~(b) Claims must be allowed on a first come, first served basis. A taxpayer whose claim for a credit is disallowed because the calendar year limit has been reached may use the credit in the next calendar year but the transfer of the credit to the next calendar year does not extend the carry forward periods provided for in 15-31-1007 (5) or 15-31-1009 (4).~~

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1 ~~(c) If a claim is disallowed because the calendar year limit has been reached, the department of~~
2 ~~revenue may waive penalties and interest pursuant to 15-1-216.~~

3 ~~(d) The department of revenue shall make reasonable efforts to post on its website the amount of~~
4 ~~credits available and not yet claimed. (Bracketed language is temporarily amended to "\$10 million" on~~
5 ~~occurrence of contingency for income tax years 2022, 2023, 2024, and 2025 until July 1, 2025—secs. 7(6), 9,~~
6 ~~Ch. 509, L. 2021—see compiler's comment.)~~

7 **15-31-1010. (Effective July 1, 2025) Limitation of tax credits.** (1) (a) The department of commerce
8 may grant to applicants pursuant to 15-31-1004 the authority to apply for the tax credits provided for in 15-31-
9 1007 and 15-31-1009.

10 (b) The authorization by the department of commerce to apply for a credit does not guarantee the
11 credit. A taxpayer authorized to apply for a credit pursuant to 15-31-1004 and this section must meet the
12 requirements of 15-31-1005 through 15-31-1009 and subsection (2) of this section.

13 (c) The department of commerce shall make reasonable efforts to post on its website the amount
14 of tax credits available and not yet allocated.

15 (2) (a) Total claims for the tax credits provided for in 15-31-1007 and 15-31-1009 may not exceed
16 ~~\$42-~~\$30 million per calendar year.

17 (b) Claims must be allowed on a first-come, first-served basis. A taxpayer whose claim for a credit
18 is disallowed because the calendar year limit has been reached may use the credit in the next calendar year
19 but the transfer of the credit to the next calendar year does not extend the carry forward periods provided for in
20 15-31-1007(5) or 15-31-1009(4).

21 (c) If a claim is disallowed because the calendar year limit has been reached, the department of
22 revenue may waive penalties and interest pursuant to 15-1-216.

23 (d) The department of revenue shall make reasonable efforts to post on its website the amount of
24 credits available and not yet claimed."
25

26 **Section 2.** Section 15-31-1011, MCA, is amended to read:

27 **"15-31-1011. Report to legislature.** (1) The department of commerce shall provide a written report
28 about the economic impact of the tax credits provided for in 15-31-1007 through 15-31-1009 to the revenue

1 interim committee provided for in 5-5-227. The report must be provided no less than 6 months before the start
2 of the 2021 regular legislative session and, pursuant to 5-11-210, every 2 years thereafter, and must be posted
3 on the department of commerce's website.

4 (2) The report must include:

5 (a) the overall impact of the tax credits;

6 (b) the dollar amount of tax credits issued;

7 (c) the number of net new jobs created;

8 (d) the amount of compensation paid;

9 (e) the economic impact of the film industry in the state;

10 (f) the names of all state certified productions eligible to claim tax credits; ~~and~~

11 (g) the type of expenditures incurred;

12 (h) the location in the state where production expenditures were incurred, including the city and
13 county;

14 (i) the amount of income tax paid to the state that is attributable to a production company that
15 claimed the credit and any associated general fund impacts; and

16 ~~(g)(i)~~ any other information that describes the impact of the tax credits.

17 (3) The department of commerce shall contract with a research organization to prepare the report
18 required by this section. The research organization may not be affiliated with the film industry or with the
19 department of commerce. The department of commerce may use the fees collected pursuant to 15-31-1004 or
20 other funding to pay for the report.

21 (4) The department of commerce shall make recommendations to the revenue interim committee
22 on whether to make changes to the tax credits provided for in 15-31-1007 through 15-31-1009, including
23 changes to the cap provided for in 15-31-1010. The revenue interim committee may make recommendations to
24 the legislature based on the information contained in the report and the department of commerce's
25 recommendations."

26
27 NEW SECTION. Section 3. Repealer. Sections 1 through 9, Chapter 509, Laws of 2021, are
28 repealed.

Amendment - 1st Reading-white - Requested by: Brad Molnar - (S) Taxation

68th Legislature

Drafter: Jaret Coles, 406-444-4022

SB0014.001.009

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NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to income tax years beginning on or after January 1, 2023.

- END -

AMEND