

1 SENATE BILL NO. 14  
2 INTRODUCED BY G. HERTZ  
3 BY REQUEST OF THE REVENUE INTERIM COMMITTEE  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MONTANA ECONOMIC DEVELOPMENT  
6 INDUSTRY ADVANCEMENT ACT; INCREASING THE LIMIT ON MONTANA ECONOMIC DEVELOPMENT  
7 INDUSTRY ADVANCEMENT ACT FILM TAX CREDITS; PROVIDING AN INCREASED CREDIT FOR HIRING  
8 VETERANS AND ENROLLED TRIBAL MEMBERS; EXTENDING THE CREDIT THROUGH ~~2033~~ 2031;  
9 ALLOCATING THE CREDIT TO CERTAIN ENTITIES; PROVIDING A DEFINITION; AMENDING SECTION  
10 SECTIONS 15-31-1003, 15-31-1004, 15-31-1007, 15-31-1009, AND 15-31-1010, MCA; REPEALING  
11 SECTIONS 1 THROUGH 9, CHAPTER 509, LAWS OF 2021; AND PROVIDING AN IMMEDIATE EFFECTIVE  
12 DATE AND A RETROACTIVE APPLICABILITY DATE."

13  
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15  
16 **SECTION 1. SECTION 15-31-1003, MCA, IS AMENDED TO READ:**

17 **"15-31-1003. Definitions.** As used in this part, unless the context requires otherwise, the following  
18 definitions apply:

- 19 (1) "Affiliate" means a subsidiary of which more than 50% of the voting stock is owned directly by the  
20 parent corporation or another member of the Montana combined group.
- 21 (2) "Base investment" means the amount expended by a production company as production  
22 expenditures and compensation incurred in this state that are directly used in a state-certified production.
- 23 (3) (a) "Compensation" means Montana wages, salaries, commissions, payments to a loan-out  
24 company subject to the provisions of subsection (3)(c), union benefits, fringe benefits, and any other form of  
25 remuneration paid to employees for personal services performed in this state.
- 26 (b) The term does not include compensation paid that is less than the minimum wage described in 39-  
27 3-409.
- 28 (c) The term includes payments to a loan-out company by a production company if the production

1 (c) If the production company transferred the tax credit, the recapture provisions of 15-31-1008(7)  
2 apply.

3 (7) The department of commerce shall design and furnish the Montana screen credit needed to  
4 qualify for the additional tax credit provided for in ~~15-31-1007(3)(b)(viii)~~ 15-31-1007(3)(B)(IX) and the  
5 programming promoting Montana destinations provided for in ~~15-31-1003(12)(e)~~ 15-31-1003(13)(e).

6 (8) The application fee must be deposited in an account in the state special revenue fund. The fee is  
7 statutorily appropriated to the department of commerce, as provided in 17-7-502, to administer the provisions of  
8 15-31-1004 through 15-31-1012.

9 (9) The department of commerce shall prescribe rules necessary to carry out the provisions of this  
10 section, including a procedure for review of the department of commerce's denial or revocation of state  
11 certification, the department's policies on the types of productions that may include the Montana screen credit,  
12 and the criteria for approving projects with a base investment of less than \$350,000."  
13

14 **SECTION 3. SECTION 15-31-1007, MCA, IS AMENDED TO READ:**

15 **"15-31-1007. (Temporary) Tax credit for media production.** (1) Subject to 15-31-1010 and through  
16 the tax year ending December 31, ~~2029~~ 2033 2031, a production company and its affiliates are allowed a credit  
17 against the taxes imposed by chapter 30 and this chapter for investments in a state-certified production  
18 approved by the department of commerce as provided in 15-31-1004 and 15-31-1005. The credit is for the base  
19 investment made up to 6 months before state certification through completion of the project. ~~The credit must be~~  
20 ~~claimed for the period July 1, 2019, through December 31, 2020, in which the production expenditures were~~  
21 ~~incurred or the compensation was paid unless the credit is transferred to the next tax year because the limits~~  
22 ~~provided for in 15-31-1010 have been met. For periods after December 31, 2020, the~~ The credit must be  
23 claimed for the year in which the production expenditures were incurred or the compensation was paid unless  
24 the credit is transferred to the next tax year because the limits provided for in 15-31-1010 have been met.

25 (2) To claim the credit provided for in this section:

26 (a) the production company or its affiliate must have applied to the department of commerce as  
27 provided in 15-31-1005 and been approved to claim or transfer the credit; or

28 (b) the taxpayer must be the entity to which a credit approved pursuant to 15-31-1005 and this

1 section was transferred.

2 (3) (a) The credit is equal to 20% of the production expenditures in the state in the tax year, plus  
3 the additional amounts provided for in subsection (3)(b), but may not in the aggregate exceed 35% of the  
4 production company's base investment in the tax year.

5 (b) Additional amounts for which the credit may be claimed are:

6 (i) 25% of the compensation paid per production or season of a television series to each crew  
7 member or production staff member who is a resident, not to exceed a \$150,000 credit per person;

8 (ii) 15% of the compensation paid per production or season of a television series to each crew  
9 member or production staff member who is not a resident but for whom Montana income taxes have been  
10 withheld, not to exceed a \$150,000 credit per person;

11 (iii) 20% of the first \$7.5 million of compensation paid per production or season of a television  
12 series to each actor, director, producer, or writer for whom Montana income taxes have been withheld;

13 (iv) 30% of compensation paid per production or season of a television series to a student enrolled  
14 in a Montana college or university who works on the production for college credit. The credit may not exceed  
15 \$50,000 per student. If a credit provided for in this subsection (3)(b)(iv) is claimed for an enrolled student, the  
16 credits provided for in subsections (3)(b)(i) through (3)(b)(iii) and (3)(b)(v) may not be claimed for the same  
17 enrolled student.

18 (v) 30% of the compensation paid for each production or season of a television series to each  
19 crew member or production staff member who is a Montana resident who is a veteran of the armed forces of  
20 the United States or an enrolled member of an Indian tribe recognized by the state, not to exceed ~~\$50,000~~  
21 ~~\$10,000~~ credit for each person. If a credit provided for in this subsection (3)(b)(v) is claimed, the credits  
22 provided for in subsections (3)(b)(i) through (3)(b)(iv) may not be claimed for the same crew member or  
23 production staff member.

24 ~~(v)~~(vi) an additional 10% of payments made to a Montana college or university for stage rentals,  
25 equipment rentals, or location fees for filming on campus;

26 ~~(vi)~~(vii) an additional 10% of all in-studio facility and equipment rental expenditures incurred in this  
27 state for a production that rents a studio for 20 days or more;

28 ~~(vii)~~(viii) an additional 5% for production expenditures made in an underserved area; and

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1           ~~(viii)~~(ix) an additional 5% of the base investment in the state if the state-certified production includes a  
2 Montana screen credit furnished by the state as provided in 15-31-1004(7).

3           (4) If one production company makes a production expenditure to hire another production  
4 company to produce a project or contribute elements of a project for pay, the hired production company is  
5 considered a service provider for the hiring company and the hiring company is entitled to claim the credit for all  
6 expenditures that are incurred in the state.

7           (5) Any unused credit may be carried forward for 5 years or may be transferred as provided in 15-  
8 31-1008. The credit allowed by this section, including a transferred credit, may not be refunded if the taxpayer  
9 has a tax liability less than the amount of the credit.

10          (6) A taxpayer claiming a credit shall include with the tax return the following information:

- 11          (a) the amount of tax credit claimed and transferred for the tax year;
- 12          (b) the amount of the tax credit previously claimed or transferred;
- 13          (c) the amount of the tax credit carried over from a previous tax year; and
- 14          (d) the amount of the tax credit to be carried over to a subsequent tax year.

15          (7) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided  
16 in subsection (7)(b).

17          (b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on  
18 its corporate income tax return.

19          (ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual  
20 income tax return.

21          (iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member  
22 or partner returns as follows:

23          (A) corporate partners or members shall claim their share of the credit on their corporate income  
24 tax returns;

25          (B) individual partners or members shall claim their share of the credit on their individual income  
26 tax returns; and

27          (C) partners or members that are estates or trusts shall claim their share of the credit on their  
28 fiduciary income tax returns.

1 (c) In order to prevent disguised sales of the credit provided for in this section, allocations of  
2 credits through partnership and membership agreements may not be recognized unless they have a substantial  
3 economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

4 (8) The credit allowed under this section may not be claimed by a taxpayer if the taxpayer has  
5 included the amount of the production expenditure or compensation on which the amount of the credit was  
6 computed as a deduction under 15-30-2131 or 15-31-114.

7 **15-31-1007. (Effective January 1, 2024) Tax credit for media production.** (1) Subject to 15-31-  
8 1010 and through the tax year ending December 31, 2029 ~~2033~~ 2031, a production company and its affiliates  
9 are allowed a credit against the taxes imposed by chapter 30 and this chapter for investments in a state-  
10 certified production approved by the department of commerce as provided in 15-31-1004 and 15-31-1005. The  
11 credit is for the base investment made up to 6 months before state certification through completion of the  
12 project. ~~The credit must be claimed for the period July 1, 2019, through December 31, 2020, in which the~~  
13 ~~production expenditures were incurred or the compensation was paid unless the credit is transferred to the next~~  
14 ~~tax year because the limits provided for in 15-31-1010 have been met. For periods after December 31, 2020,~~  
15 ~~the~~ The credit must be claimed for the year in which the production expenditures were incurred or the  
16 compensation was paid unless the credit is transferred to the next tax year because the limits provided for in  
17 15-31-1010 have been met.

18 (2) To claim the credit provided for in this section:

19 (a) the production company or its affiliate must have applied to the department of commerce as  
20 provided in 15-31-1005 and been approved to claim or transfer the credit; or

21 (b) the taxpayer must be the entity to which a credit approved pursuant to 15-31-1005 and this  
22 section was transferred.

23 (3) (a) The credit is equal to 20% of the production expenditures in the state in the tax year, plus  
24 the additional amounts provided for in subsection (3)(b), but may not in the aggregate exceed 35% of the  
25 production company's base investment in the tax year.

26 (b) Additional amounts for which the credit may be claimed are:

27 (i) 25% of the compensation paid per production or season of a television series to each crew  
28 member or production staff member who is a resident, not to exceed a \$150,000 credit per person;

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1           (ii)     15% of the compensation paid per production or season of a television series to each crew  
2 member or production staff member who is not a resident but for whom Montana income taxes have been  
3 withheld, not to exceed a \$150,000 credit per person;

4           (iii)    20% of the first \$7.5 million of compensation paid per production or season of a television  
5 series to each actor, director, producer, or writer for whom Montana income taxes have been withheld;

6           (iv)     30% of compensation paid per production or season of a television series to a student enrolled  
7 in a Montana college or university who works on the production for college credit. The credit may not exceed  
8 \$50,000 per student. If a credit provided for in this subsection (3)(b)(iv) is claimed for an enrolled student, the  
9 credits provided for in subsections (3)(b)(i) through (3)(b)(iii) and (3)(b)(v) may not be claimed for the same  
10 enrolled student.

11           (v)     30% of the compensation paid for each production or season of a television series to each  
12 crew member or production staff member who is a Montana resident who is a veteran of the armed forces of  
13 the United States or an enrolled member of an Indian tribe recognized by the state, not to exceed \$50,000  
14 \$10,000 credit for each person. If a credit provided for in this subsection (3)(b)(v) is claimed, the credits  
15 provided for in subsections (3)(b)(i) through (3)(b)(iv) may not be claimed for the same crew member or  
16 production staff member.

17           ~~(v)~~(vi)    an additional 10% of payments made to a Montana college or university for stage rentals,  
18 equipment rentals, or location fees for filming on campus;

19           ~~(vi)~~(vii)   an additional 10% of all in-studio facility and equipment rental expenditures incurred in this  
20 state for a production that rents a studio for 20 days or more;

21           ~~(vii)~~(viii)   an additional 5% for production expenditures made in an underserved area; and

22           ~~(viii)~~(ix)    an additional 5% of the base investment in the state if the state-certified production includes a  
23 Montana screen credit furnished by the state as provided in 15-31-1004(7).

24           (4)     If one production company makes a production expenditure to hire another production  
25 company to produce a project or contribute elements of a project for pay, the hired production company is  
26 considered a service provider for the hiring company and the hiring company is entitled to claim the credit for all  
27 expenditures that are incurred in the state.

28           (5)     Any unused credit may be carried forward for 5 years or may be transferred as provided in 15-

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68th Legislature

Drafter: Megan Moore, 406-444-4496

SB0014.003.007

1 31-1008. The credit allowed by this section, including a transferred credit, may not be refunded if the taxpayer  
2 has a tax liability less than the amount of the credit.

3 (6) A taxpayer claiming a credit shall include with the tax return the following information:

4 (a) the amount of tax credit claimed and transferred for the tax year;

5 (b) the amount of the tax credit previously claimed or transferred;

6 (c) the amount of the tax credit carried over from a previous tax year; and

7 (d) the amount of the tax credit to be carried over to a subsequent tax year.

8 (7) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided  
9 in subsection (7)(b).

10 (b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on  
11 its corporate income tax return.

12 (ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual  
13 income tax return.

14 (iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member  
15 or partner returns as follows:

16 (A) corporate partners or members shall claim their share of the credit on their corporate income  
17 tax returns;

18 (B) individual partners or members shall claim their share of the credit on their individual income  
19 tax returns; and

20 (C) partners or members that are estates or trusts shall claim their share of the credit on their  
21 fiduciary income tax returns.

22 (c) In order to prevent disguised sales of the credit provided for in this section, allocations of  
23 credits through partnership and membership agreements may not be recognized unless they have a substantial  
24 economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

25 (8) The credit allowed under this section may not be claimed by a taxpayer if the taxpayer has  
26 included the amount of the production expenditure or compensation on which the amount of the credit was  
27 computed in determining Montana taxable income under 15-30-2120 or as a deduction under 15-31-114."  
28

1           **SECTION 4. SECTION 15-31-1009, MCA, IS AMENDED TO READ:**

2           **"15-31-1009. Tax credit for postproduction wages.** (1) Through the tax year ending December 31,  
3   2029 ~~2033~~ 2031, a postproduction company that has incurred qualified postproduction wages in the tax year is  
4   allowed a credit against the taxes imposed by chapter 30 and this chapter if the taxpayer applies to the  
5   department of commerce as provided in 15-31-1004 and to the department of revenue as provided in 15-31-  
6   1005 and is approved to claim the credit.

7           (2) The tax credit is equal to 25% of qualified postproduction wages incurred in the state.

8           (3) A tax credit claimed under this section may not exceed the postproduction company's total  
9   compensation paid to employees working in this state for the tax year in which the credit is claimed.

10          (4) The tax credit allowed by this section may not be refunded if the taxpayer has no tax liability.  
11   Any unused credit may be carried forward for 5 years.

12          (5) A taxpayer claiming a credit shall include with the tax return the following information:

13          (a) the amount of tax credit claimed for the tax year;

14          (b) the amount of the tax credit previously claimed;

15          (c) the amount of the tax credit carried over from a previous tax year; and

16          (d) the amount of the tax credit to be carried over to a subsequent tax year.

17          (6) (a) A taxpayer claiming the credit provided for in this section must claim the credit as provided  
18   in subsection (6)(b).

19          (b) (i) An entity taxed as a corporation for Montana income tax purposes shall claim the credit on  
20   its corporate income tax return.

21          (ii) Individuals, estates, and trusts shall claim a credit allowed under this section on their individual  
22   income tax return.

23          (iii) An entity not taxed as a corporation shall claim the credit allowed under this section on member  
24   or partner returns as follows:

25          (A) corporate partners or members shall claim their share of the credit on their corporate income  
26   tax returns;

27          (B) individual partners or members shall claim their share of the credit on their individual income  
28   tax returns; and

1 (C) partners or members that are estates or trusts shall claim their share of the credit on their  
2 fiduciary income tax returns.

3 (c) In order to prevent disguised sales of the credit provided for in this section, allocations of  
4 credits through partnership and membership agreements may not be recognized unless they have a substantial  
5 economic effect as that term is defined in 26 U.S.C. 704 and applicable federal regulations.

6 (7) A postproduction company may not claim a credit under this section for production  
7 expenditures for which the media production credit provided for in 15-31-1007 is claimed."  
8

9 **Section 5.** Section 15-31-1010, MCA, is amended to read:

10 "~~15-31-1010. (Temporary) Limitation of tax credits. (1) (a) The department of commerce may~~  
11 ~~grant to applicants pursuant to 15-31-1004 the authority to apply for the tax credits provided for in 15-31-1007~~  
12 ~~and 15-31-1009.~~

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

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

18 ~~(2) (a) Total claims for the tax credits provided for in 15-31-1007 and 15-31-1009 may not exceed~~  
19 ~~[\$12 million] per calendar year.~~

20 ~~(b) Claims must be allowed on a first come, first served basis. A taxpayer whose claim for a credit is~~  
21 ~~disallowed because the calendar year limit has been reached may use the credit in the next calendar year but~~  
22 ~~the transfer of the credit to the next calendar year does not extend the carry forward periods provided for in 15-~~  
23 ~~31-1007 (5) or 15-31-1009 (4).~~

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

26 ~~(d) The department of revenue shall make reasonable efforts to post on its website the amount of~~  
27 ~~credits available and not yet claimed. (Bracketed language is temporarily amended to "\$10 million" on~~  
28 ~~occurrence of contingency for income tax years 2022, 2023, 2024, and 2025 until July 1, 2025—secs. 7(6), 9,~~

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1 Ch. 509, L. 2021—see compiler's comment.)

2 **15-31-1010. (Effective July 1, 2025) Limitation of tax credits.** (1) (a) The department of commerce  
3 may grant to applicants pursuant to 15-31-1004 the authority to apply for the tax credits provided for in 15-31-  
4 1007 and 15-31-1009.

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

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

10 (2) (a) Total claims for the tax credits provided for in 15-31-1007 and 15-31-1009 may not exceed  
11 ~~\$12 \$30 \$20~~ \$24 \$20 million per calendar year, 25% OF WHICH MUST BE GRANTED TO A DOMICILED COMPANY FOR  
12 MEDIA PRODUCTION CREDITS DERIVED FROM ANY PORTION OF BASE INVESTMENT RELATED TO THE RENTAL COST OF  
13 QUALIFIED MONTANA FACILITIES.

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

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

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

22 ~~(3) (A) (i) BEGINNING IN 2023, BY DECEMBER 31 OF EACH YEAR, THE DEPARTMENT OF REVENUE SHALL~~  
23 ~~DETERMINE IF 90% OF THE LIMIT PROVIDED FOR IN SUBSECTION (2)(A) IN TAX CREDITS WAS CLAIMED. IF THIS CONDITION~~  
24 ~~IS SATISFIED, THE LIMIT MUST BE INCREASED BY 10% FOR THE SUCCEEDING TAX YEARS.~~

25 ~~(ii) IF THE LIMIT IS INCREASED IN ANY TAX YEAR, THE DEPARTMENT OF REVENUE SHALL USE THE NEW LIMIT~~  
26 ~~AS THE BASE LIMIT FOR SUCCEEDING TAX YEARS UNTIL A NEW LIMIT IS ESTABLISHED UNDER THE PROVISIONS OF~~  
27 ~~SUBSECTION (3)(A).~~

28 ~~(B) THE LIMIT UNDER THIS SUBSECTION (3) APPLIES TO THE YEAR IN WHICH THE CREDIT IS AUTHORIZED~~

1 ~~REGARDLESS OF WHETHER THE FULL CREDIT IS CLAIMED IN THAT TAX YEAR OR CARRIED FORWARD."~~

2

3 NEW SECTION. Section 6. Repealer. Sections 1 through 9, Chapter 509, Laws of 2021, are  
4 repealed.

5

6 NEW SECTION. SECTION 7. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT ARE  
7 SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS  
8 APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID  
9 APPLICATIONS.

10

11 NEW SECTION. Section 8. Effective date. [This act] is effective on passage and approval.

12

13 NEW SECTION. Section 9. Retroactive applicability. [This act] applies retroactively, within the  
14 meaning of 1-2-109, to income tax years beginning on or after January 1, 2023.

15

- END -