



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0245 - Revise tax credit for trades education and training (Vinton, Sue )

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$819,300)	(\$819,300)	(\$819,300)	(\$819,300)
<b>Net Impact-General Fund Balance:</b>	<u>(\$819,300)</u>	<u>(\$819,300)</u>	<u>(\$819,300)</u>	<u>(\$819,300)</u>

**Description of fiscal impact:** HB 245 expands the Trades Education and Training tax credit to include additional occupations and industries and to extend the expiration date of the credit to December 31, 2028. HB 245 would reduce general fund revenue by \$819,300 in FY 2024, FY 2025, FY 2026, and FY 2027.

### FISCAL ANALYSIS

**Assumptions:****Department of Revenue**

- Under current law, individuals and corporations are able to claim a tax credit for providing education and training to qualified employees in a trade profession. The professions that are allowed to claim the credit are identified in 15-30-2359, MCA. The credit is set to expire on December 31, 2026.
- HB 245 modifies the tax credit for trades education and training. Under the bill, the definition of a "trade profession" is expanded to include additional occupations and industries. The bill also allows the Department of Revenue to adopt rules that would expand the definition of a "trade profession" beyond what is listed in statute. Finally, the expiration date of the credit is changed from December 31, 2026, to December 31, 2028.
- The changes made to the tax credit are applied retroactively, with the changes made to the credit applying TY 2023.

4. In TY 2021, taxpayers filing an individual income tax return claimed \$255,939 in Trades Education and Training credits. As all corporate taxpayers have not filed their TY 2021 corporate income tax returns, it is not known how many corporate credits will be claimed.
5. Based on actual credit usage in TY 2021, and 2021 forecasts on usage of the credit, it is assumed that the number of credits that will be claimed under current law will double each year until reaching \$1 million in credits in TY 2023. After TY 2023, it is assumed that the total number of credits that will be claimed each year under current law will remain at \$1 million until TY 2027 at which point the credit will expire.
6. With \$255,939 in credits claimed in TY 2021, and a doubling of credits each year, it is assumed that a total of \$511,878 credits will be claimed in TY 2022 and \$1 million in credits will be claimed in TY 2023, TY 2024, TY 2025, and TY 2026.
7. Based on Department of Labor and Industry employment projections, approximately 38,000 workers are currently employed in occupations that may qualify for a credit under current law. With \$1 million in credits claimed in TY 2023, TY 2024, TY 2025 and TY 2026, and 38,000 potential workers, the average credit for each potential worker is \$26.32 (\$1,000,000 / 38,000).
8. The expanded list of occupations covered under HB 245, DLI’s employment projections, an additional 31,130 workers could qualify for the credit under the proposed changes.
9. With an average credit usage of \$26.32 under current law, and 31,130 newly eligible workers under HB 245, an estimated \$819,300 (\$26.32 X 31,130) in additional credits are assumed to be claimed.
10. With no changes to withholdings or estimated payments, expanding the credit by \$819,300 in TY 2023 will reduce income tax collections by \$819,300 in FY 2024. Income tax collections in FY 2025, FY 2026, and FY 2027 will also decrease by \$819,300 each year.
11. The changes made by the proposed bill can be made as part of the Department of Revenue annual change process. The Department of Revenue does not expect to incur any significant costs because of this bill.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$819,300)	(\$819,300)	(\$819,300)	(\$819,300)
<b>TOTAL Revenues</b>	<u>(\$819,300)</u>	<u>(\$819,300)</u>	<u>(\$819,300)</u>	<u>(\$819,300)</u>

<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$819,300)	(\$819,300)	(\$819,300)	(\$819,300)

 _____ Sponsor's Initials	_____ Date	 _____ Budget Director's Initials	1-17-23 _____ Date
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