

HOUSE BILL NO. 249

INTRODUCED BY E. STAFMAN, C. KEOGH, J. HAMILTON, D. HAWK, A. BUCKLEY, M. MARLER, M.

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HOWELL

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A CHILD TAX CREDIT; PROVIDING A
MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 5 YEARS OF AGE OR YOUNGER; PROVIDING
A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 6 YEARS OF AGE OR OLDER; PROVIDING A
REDUCTION OF THE CREDIT BASED ON FILING STATUS AND ADJUSTED GROSS INCOME; AMENDING
SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE."

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

NEW SECTION. **Section 1. Child tax credit.** (1) A resident taxpayer that is eligible for the federal
child tax credit for a child under section 24 of the Internal Revenue Code, 26 U.S.C. 24, is allowed a credit
against the taxes imposed by this chapter for each child that the taxpayer may claim on a federal return. The
amount of the credit is based on the child's age, the taxpayer's filing status, and the taxpayer's federal adjusted
gross income.

(2) Subject to subsection ~~(5)~~ (4), the amount of the credit is:

(a) \$1,200 for each child who is 5 years of age or younger at the end of the tax year; and

~~(3)(b)~~ \$600 for each child who is 6 years of age or older at the end of the tax year.

~~(4)(3)~~ If the amount of the credit exceeds the taxpayer's liability under 15-30-2103, the amount of the
excess must be refunded to the taxpayer. The credit may be claimed even if the claimant has no taxable
income.

~~(5)(4)~~ The ~~credits in subsections (2) and (3) are credit in subsection (2) is~~ reduced at a rate of \$25 for
each \$1,000 of the taxpayer's federal adjusted gross income in excess of:

(a) \$65,000 for every married individual who files a joint return and for every surviving spouse;

(b) \$55,000 for every head of household; and

(c) \$45,000 for every individual other than a surviving spouse or head of household who is not a married individual.

Section 2. Section 15-30-2303, MCA, is amended to read:

"15-30-2303. Tax credits subject to review by interim committee. (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10 years thereafter:

(a) the credit for contractor's gross receipts provided for in 15-50-207; and

(b) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 10 years thereafter:

(a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-3110, and 15-31-158; ~~and~~ and

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

~~(c) the child tax credit provided for in [section 1].~~

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and during each biennium commencing 10 years thereafter:

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

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

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

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and during each biennium commencing 10 years thereafter:

(a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

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

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

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

(e) the child tax credit provided for in [section 1].

(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and during each biennium commencing 10 years thereafter:

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

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

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

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

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

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

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

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

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

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

(f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d) terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--sec. 24(1), Ch. 550, L. 2021.)"

NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section 1].

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2 NEW SECTION. **Section 4. Applicability.** [This act] applies to income tax years beginning after

3 December 31, 2023.

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5 NEW SECTION. **Section 5. Termination.** [This act] terminates December 31, 2027.

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