

1 HOUSE BILL NO. 268
2 INTRODUCED BY J. KASSMIER, B. MERCER, L. JONES

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A CHILD TAX CREDIT FOR MONTANA
5 RESIDENT TAXPAYERS; PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT FOR A CHILD 5
6 YEARS OF AGE OR YOUNGER; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN
7 APPLICABILITY DATE."

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

10
11 NEW SECTION. Section 1. Child tax credit. (1) Except as provided in subsection (3), a resident
12 taxpayer who is permitted a child tax credit under section 24 of the Internal Revenue Code, 26 U.S.C. 24, is
13 allowed a credit against the taxes imposed by this chapter for each qualifying child of the taxpayer.

14 (2) ~~The SUBJECT TO SUBSECTION (6),~~ the amount of the credit is \$1,200 for each qualifying child.

15 (3) The credit is not allowed if the taxpayer's federal adjusted gross income exceeds the threshold
16 amount.

17 ~~(4) (a) To Except as provided in subsection (4)(b), to CLAIM THE CREDIT, A TAXPAYER MUST HAVE:~~

18 ~~(A)(i) PROOF OF EARNED INCOME;~~

19 ~~(B)(ii) INVESTMENT INCOME OF LESS THAN \$10,300; AND~~

20 ~~(C)(iii) A VALID SOCIAL SECURITY NUMBER FOR EACH CHILD CLAIMED.~~

21 ~~(b) The requirement to have proof of earned income does not apply to:~~

22 ~~(i) the parent of a child eligible to receive home and community-based services under Title 53,~~
23 ~~chapter 6, part 4, because of the child's physical or developmental disabilities;~~

24 ~~(ii) a parent who receives social security disability insurance benefit payments under 42 U.S.C.~~
25 ~~423 or veteran disability compensation under 38 U.S.C. 1114; or~~

26 ~~(iii) a grandparent who claims a grandchild as a dependent.~~

27 ~~(4)(5) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the~~
28 ~~taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of~~

1 the credit. The credit may be claimed by filing a Montana income tax return.

2 (6) THE CREDIT IN SUBSECTION (2) IS REDUCED AT A RATE OF \$90 FOR EACH \$1,000 OF THE TAXPAYER'S
3 FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF \$50,000.

4 (5)(7) For the purposes of this section, the following definitions apply:

5 (a) "EARNED INCOME" MEANS EARNED INCOME AS DEFINED IN SECTION 32 OF THE INTERNAL REVENUE
6 CODE, 26 U.S.C. 32.

7 (b) "INVESTMENT INCOME" MEANS DISQUALIFIED INCOME AS DEFINED IN SECTION 32 OF THE INTERNAL
8 REVENUE CODE, 26 U.S.C. 32.

9 (c) "Qualifying child" means a child of the taxpayer who is 5 years of age or younger as of the
10 close of the calendar year in which the taxpayer's tax year begins.

11 (b)(D) "Threshold amount" is ~~\$50,000~~ \$56,000, regardless of the individual taxpayer's filing status.

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

14 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
15 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10
16 years thereafter:

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

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

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

21 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-
22 30-3110, and 15-31-158; ~~and~~

23 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
24 30-3111, and 15-31-159; and

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

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

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