

HOUSE BILL NO. 268

INTRODUCED BY J. KASSMIER, B. MERCER, L. JONES

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

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

NEW SECTION. Section 1. Child tax credit. (1) Except as provided in subsection (3), a resident
taxpayer who is permitted a child tax credit 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 qualifying child of the taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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~~

(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;