

## SENATE BILL NO. 225

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A RENTER'S INCOME TAX CREDIT;  
PROVIDING ELIGIBILITY REQUIREMENTS; AMENDING SECTIONS 15-30-2303, 15-30-2337, AND 15-30-  
2340, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE,  
AND A TERMINATION DATE."

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

**NEW SECTION. Section 1. Renter's tax credit.** (1) There is a renter's credit against the taxes  
imposed by this chapter for a person with gross household income of less than \$45,000 who pays rent-  
equivalent property taxes as provided in this section.

(2) The eligibility, application, and limitation provisions of 15-30-2338, 15-30-2339, and 15-30-2341  
that apply to renters, excluding the age requirement, apply to the renter's credit.

(3) (a) Except as provided in subsection (3)(b), the credit is equal to the lesser of:

(i) rent-equivalent tax paid that exceeds 4% of gross household income; or

(ii) \$500.

(b) For a claimant whose gross household income is \$35,000 or more but less than \$45,000, the  
amount of the credit is equal to the credit calculated under this section multiplied by the decimal equivalent of a  
percentage figure according to the following table:

| Gross household income | Percentage of credit allowed |
|------------------------|------------------------------|
| \$35,000 - \$37,500    | 40%                          |
| \$37,501 - \$40,000    | 30%                          |

|   |                     |     |
|---|---------------------|-----|
| 1 | \$40,001 - \$42,500 | 20% |
| 2 | \$42,501 - \$44,999 | 10% |
| 3 | \$45,000 or more    | 0%  |

4 (4) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the  
 5 excess must be refunded to the claimant. The credit may be claimed even though the claimant has no income  
 6 taxable under this chapter.

7 (5) A person may not claim this credit and the residential property tax credit for the elderly provided  
 8 for in 15-30-2340.

9

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

11 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits  
 12 must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 8  
 13 years thereafter:

14 (a) the credit for donations to innovative educational programs provided for in 15-30-2334, 15-30-  
 15 3110, and 15-31-158;

16 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-  
 17 30-3111, and 15-31-159; and

18 (c) the adoption tax credit provided for in 15-30-2321.

19 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and  
 20 during each biennium commencing 8 years thereafter:

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

22 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-  
 23 2329, 15-31-161, and 15-31-162;

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

26 (d) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151.

27 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and  
 28 during each biennium commencing 8 years thereafter:

(a) the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

(b) the renter's tax credit provided for in [section 1];

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

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

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

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and during each biennium commencing 8 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;

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

(d) the credit for contractor's gross receipts provided for in 15-50-207.

(5) 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.

(6) 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 ~~(3)(e)~~ ~~(3)(d)~~)

terminates December 31, 2028--sec. 4, Ch. 391, L. 2023; subsection ~~(3)(d)~~ (3)(e) terminates December 31, 2028--sec. 2, Ch. 576, L. 2023; subsection (1)(c) terminates December 31, 2031--sec. 6, Ch. 493, L. 2023.)"

**Section 3.** Section 15-30-2337, MCA, is amended to read:

**"15-30-2337. Residential property tax credit for elderly -- definitions.** As used in 15-30-2337 through 15-30-2341 and [section 1], the following definitions apply:

(1) "Claim period" means the tax year for individuals required to file Montana individual income tax returns and the calendar year for individuals not required to file returns.

(2) "Claimant" means a person who is eligible to file a claim under 15-30-2338.

(3) "Department" means the department of revenue.

(4) "Gross household income" means all income received by all individuals of a household while they are members of the household.

(5) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period by the renter or lessee for the right of occupancy of the homestead pursuant to an arm's-length transaction with the landlord.

(6) "Homestead" means:

(a) a single-family dwelling or unit of a multiple-unit dwelling that is subject to property taxes in Montana and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling; or

(b) a single-family dwelling or unit of a multiple-unit dwelling that is rented from a county or municipal housing authority as provided in Title 7, chapter 15.

(7) (a) "Household" means an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses.

(b) The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(8) "Household income" means the amount obtained by subtracting [\$12,600] from gross household income.

(9) (a) "Income" means, except as provided in subsection (9)(b), federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code of the United States, plus all

1 nontaxable income, including but not limited to:

2 (i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans'  
3 disability benefits;

4 (ii) the amount of capital gains excluded from adjusted gross income;

5 (iii) alimony;

6 (iv) support money;

7 (v) nontaxable strike benefits;

8 (vi) cash public assistance and relief;

9 (vii) interest on federal, state, county, and municipal bonds; and

10 (viii) all payments received under federal social security except social security income paid directly  
11 to a nursing home.

12 (b) For the purposes of this subsection (9), income is reduced by the taxpayer's basis.

13 (10) "Property tax billed" means taxes levied against the homestead, including special assessments  
14 and fees but excluding penalties or interest during the claim period.

15 (11) "Rent-equivalent tax paid" means 15% of the gross rent. (Bracketed language in subsection (8)  
16 is temporarily amended to "\$6,300" on occurrence of contingency for income tax years 2022, 2023, 2024, and  
17 2025 until December 31, 2025--sec. 13, Ch. 476, L. 2021.)"

18

19 **Section 4.** Section 15-30-2340, MCA, is amended to read:

20 **"15-30-2340. Residential property tax credit for elderly -- computation of relief.** The amount of  
21 the tax credit granted under the provisions of 15-30-2337 through 15-30-2341 is computed as follows:

22 (1) In the case of a claimant who owns the homestead for which a claim is made, the credit is the  
23 amount of property tax billed less the deduction specified in subsection (4).

24 (2) In the case of a claimant who rents the homestead for which a claim is made, the credit is the  
25 amount of rent-equivalent tax paid less the deduction specified in subsection (4).

26 (3) In the case of a claimant who both owns and rents the homestead for which a claim is made,  
27 the credit is:

28 (a) the amount of property tax billed on the owned portion of the homestead less the deduction

1 specified in subsection (4); plus

2 (b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the  
3 deduction specified in subsection (4).

4 (4) Property tax billed and rent-equivalent tax paid are reduced according to the following  
5 schedule:

| Household income    | Amount of reduction                            |
|---------------------|--|
| \$0 - \$999         | \$0  |
| \$1,000 - \$1,999   | \$0  |
| \$2,000 - \$2,999   | the product of .006 times the household income |
| \$3,000 - \$3,999   | the product of .016 times the household income |
| \$4,000 - \$4,999   | the product of .024 times the household income |
| \$5,000 - \$5,999   | the product of .028 times the household income |
| \$6,000 - \$6,999   | the product of .032 times the household income |
| \$7,000 - \$7,999   | the product of .035 times the household income |
| \$8,000 - \$8,999   | the product of .039 times the household income |
| \$9,000 - \$9,999   | the product of .042 times the household income |
| \$10,000 - \$10,999 | the product of .045 times the household income |
| \$11,000 - \$11,999 | the product of .048 times the household income |
| \$12,000 & over     | the product of .050 times the household income |

6 (5) For a claimant whose gross household income is \$35,000 or more but less than \$45,000, the  
7 amount of the credit is equal to the credit calculated under this section multiplied by the decimal equivalent of a  
8 percentage figure according to the following table:

| Gross household income | Percentage of credit allowed |
|------------------------|------------------------------|
| \$35,000 - \$37,500    | 40%                          |
| \$37,501 - \$40,000    | 30%                          |
| \$40,001 - \$42,500    | 20%                          |
| \$42,501 - \$44,999    | 10%                          |

\$45,000 or more

0%

1           (6)     The credit granted may not exceed [\$1,150].

2           (7)     Relief under 15-30-2337 through 15-30-2341 is a credit against the claimant's Montana  
3 individual income tax liability for the claim period. If the amount of the credit exceeds the claimant's liability  
4 under this chapter, the amount of the excess must be refunded to the claimant. The credit may be claimed even  
5 though the claimant has no income taxable under this chapter.

6           (8)     A person may not claim the credit provided for in this section and the renter's tax credit  
7 provided for in [section 1]. (Bracketed language in subsection (6) is temporarily amended to "\$1,000" on  
8 occurrence of contingency for income tax years 2022, 2023, 2024, and 2025 until December 31, 2025--sec. 13,  
9 Ch. 476, L. 2021.)"

10

11           NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an  
12 integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

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14           NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

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16           NEW SECTION. Section 7. Retroactive applicability. [This act] applies retroactively, within the  
17 meaning of 1-2-109, to income tax years beginning after December 31, 2024.

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19           NEW SECTION. Section 8. Termination. [This act] terminates December 31, 2028.

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