

HOUSE BILL NO. 537

INTRODUCED BY L. SCHUBERT, L. DEMING, B. MERCER, S. MORIGEAU, F. NAVE, N. NICOL, G.
OVERSTREET, T. RUNNING WOLF, J. SCHILLINGER, K. SEEKINS-CROWE, B. USHER, D. ZOLNIKOV

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX CREDIT FOR THE BIRTH OF A CHILD;
PROVIDING A MAXIMUM REFUNDABLE CREDIT AMOUNT; PROVIDING RULEMAKING AUTHORITY;
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. Birth day tax credit -- rulemaking. (1) A resident taxpayer is allowed a
credit against the tax imposed by 15-30-2103 or 15-30-2151 in the year in which a taxpayer's child is born.

(2) Subject to subsections (5) and (6), the amount of the credit allowed under subsection (1) is
equal to the lesser of \$3,000 or the total of:

- (a) Montana income taxes due in the tax year;
- (b) federal income taxes due in the tax year; and
- (c) the taxpayer's employee contributions in the tax year under the Federal Insurance
Contributions Act pursuant to 26 U.S.C. 3111.

(3) To claim the credit under this section, the taxpayer shall include on the tax return the name and
location of the birth of the child and the names of the child's parents as listed on the birth certificate.

(4) 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.

(5) The credit in subsection (2) is reduced at a rate of \$150 for each \$1,000 of a taxpayer's federal
adjusted gross income in excess of:

(a) ~~\$120,000~~ \$100,000 if the taxpayer is married filing jointly; or

(b) ~~\$60,000~~ \$50,000 for all other filing statuses.

(6) (a) The maximum credit calculated under subsections (2) and (5) is \$1,500 if:

- 1 (i) the parents are married to each other and use the married filing separately filing status; or
- 2 (ii) the parents are not married to each other but share custody of the child.
- 3 (b) If the parents are unmarried but do not share custody of the child, the custodial parent may
- 4 claim the full credit.
- 5 (7) The department may adopt rules to administer this credit.
- 6

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

8 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits

9 must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 8

10 years thereafter:

- 11 (a) the credit for donations to innovative educational programs provided for in 15-30-2334, 15-30-
- 12 3110, and 15-31-158;
- 13 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
- 14 30-3111, and 15-31-159; and
- 15 (c) the adoption tax credit provided for in 15-30-2321; and
- 16 (d) the credit for the birth of a child provided for in [section 1].

17 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and

18 during each biennium commencing 8 years thereafter:

- 19 (a) the credit for infrastructure use fees provided for in 17-6-316;
- 20 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
- 21 2329, 15-31-161, and 15-31-162;
- 22 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
- 23 chapter 32, part 6; and
- 24 (d) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151.

25 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and

26 during each biennium commencing 8 years thereafter:

- 27 (a) the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-
- 28 2341;

(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

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

Amendment - 1st Reading-white - Requested by: Lukas Schubert - (H) Appropriations

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0537.001.002

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

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4 NEW SECTION. **Section 4. Applicability.** [This act] applies to income tax years beginning after
5 December 31, 2025.

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