

1 HOUSE BILL NO. 318  
 2 INTRODUCED BY S. HOWELL, D. HAWK, A. BUCKLEY, K. KORTUM, K. ABBOTT, P. TUSS, J. KARLEN, Z.  
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 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING TAX INCENTIVES FOR HOUSING; PROVIDING A  
 6 REFUNDABLE INDIVIDUAL INCOME TAX CREDIT FOR RENTING TO TENANTS USING HOUSING  
 7 CHOICE VOUCHERS; PROVIDING A REFUNDABLE INCOME TAX CREDIT FOR CONVERTING A SHORT-  
 8 TERM RENTAL INTO A LONG-TERM RENTAL; PROVIDING DEFINITIONS; AMENDING SECTION 15-30-  
 9 2303, MCA; AND PROVIDING AN APPLICABILITY DATE."

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 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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13 NEW SECTION. **Section 1. Credit for renting to tenants using housing choice vouchers.** (1) A  
 14 taxpayer is allowed a credit against the tax imposed by this chapter for renting a dwelling to a tenant  
 15 participating in the housing choice voucher program provided for in 24 CFR, part 982.

16 (2) The credit is equal to \$1,250 for each dwelling rented to a tenant participating in the housing  
 17 choice voucher program.

18 (3) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the  
 19 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of  
 20 the credit. The credit may be claimed by filing a Montana income tax return.

21 (4) If the credit allowed under this section is claimed by a small business corporation, a pass-  
 22 through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the  
 23 same proportion as used to report the entity's income or loss.

24 (5) The credit may not be claimed for a dwelling for which the rent is limited due to participation in  
 25 any program that provides a benefit to the property owner for limiting the rent other than the housing choice  
 26 voucher program.

27 (6) The department may disallow the credit when the landlord and tenant have not dealt at arm's  
 28 length.

1 (7) A small business corporation, a pass-through entity, or a partnership may not claim the credit  
2 for a dwelling rented to an employee.

3 (8) The taxpayer shall file with each claim for the credit information confirming participation in the  
4 housing choice voucher program. In addition, a taxpayer shall, at the request of the department, supply all  
5 additional information necessary to support a claim for the credit.

6 (9) For the purposes of this section, "dwelling" means a single-family dwelling or unit of a multiple-  
7 unit dwelling in Montana.

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9 **NEW SECTION. Section 2. Credit for converting short-term rental into long-term rental.** (1) A  
10 taxpayer is allowed a credit against the tax imposed by this chapter for converting a dwelling from a short-term  
11 rental into a long-term rental.

12 (2) The credit is equal to \$1,000 for each dwelling converted from a short-term rental into a long-  
13 term rental.

14 (3) To qualify for a credit under this section, the taxpayer must have offered the dwelling as a  
15 short-term rental for a period of 6 months or more before conversion into a long-term rental, and the dwelling  
16 must have been offered as a long-term rental for the entire tax year in which the credit is claimed. A taxpayer  
17 may only claim the credit once for each dwelling.

18 (4) The credit may not be claimed for a dwelling for which rent for the long-term rental exceeds  
19 200% of fair market rent for the county in which the property is located.

20 (5) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the  
21 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of  
22 the credit. The credit may be claimed by filing a Montana income tax return.

23 (6) If the credit allowed under this section is claimed by a small business corporation, a pass-  
24 through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the  
25 same proportion as used to report the entity's income or loss.

26 (7) A small business corporation, a pass-through entity, or a partnership may not claim the credit  
27 for a dwelling rented to an employee.

28 (8) The taxpayer shall file with each claim for the credit receipts showing lodging tax collected on

1 the short-term rental and a rental agreement for the long-term rental that shows the lease term and rental fee.  
 2 In addition, a taxpayer shall, at the request of the department, supply all additional information necessary to  
 3 support a claim for the credit.

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

5 (a) " Dwelling " means a single-family dwelling or unit of a multiple-unit dwelling in Montana.

6 (b) (i) " Fair market rent " means the fair market rent based on the size of the dwelling as published  
 7 annually by the U.S. department of housing and urban development.

8 (ii) The term excludes any charges for utilities.

9 (c) " Long-term rental " means a dwelling with a lease term of 6 months or longer.

10 (d) " Short-term rental " has the meaning provided in 15-68-101.

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12 **Section 3.** Section 15-30-2303, MCA, is amended to read:

13 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits  
 14 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10  
 15 years thereafter:

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

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

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

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

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

24 (c) the credit for renting to tenants using housing choice vouchers provided for in [section 1]; and

25 (d) the credit for converting a short-term rental into a long-term rental provided for in [section 2].

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;

1 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-  
2 2329, 15-31-161, and 15-31-162; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 elimination outweigh adverse impacts; and

2 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)

3 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--

4 sec. 24(1), Ch. 550, L. 2021.)"

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6 NEW SECTION. **Section 4. Codification instruction.** [Sections 1 and 2] are intended to be codified

7 as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to

8 [sections 1 and 2].

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10 NEW SECTION. **Section 5. Applicability.** [This act] applies to income tax years beginning after

11 December 31, 2023.

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