

1 SENATE BILL NO. 321  
2 INTRODUCED BY J. KASSMIER, S. NOVAK, L. SCHUBERT, B. EDWARDS, P. STRAND, E. ALBUS, J.  
3 SECKINGER, J. WEBER, E. BUTTREY, B. GILLESPIE, G. HUNTER, E. MATTHEWS, C. SPRUNGER, D.  
4 HARVEY, G. LAMMERS, L. SMITH, M. YAKAWICH, B. BARKER, P. FLOWERS, T. FRANCE, D. HAWK, G.  
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6

7 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING TAX CREDITS FOR CHILDREN AND CHILD CARE;  
8 ~~PROVIDING FOR A CHILD TAX CREDIT~~, PROVIDING FOR AN INCOME TAX CREDIT FOR CHILD-CARE  
9 WORKERS; PROVIDING FOR AN EMPLOYER TAX CREDIT FOR DEPENDENT CARE ASSISTANCE;  
10 PROVIDING THAT THE CREDITS ARE ADJUSTED FOR INFLATION; PROVIDING DEFINITIONS;  
11 PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN  
12 APPLICABILITY DATE."

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14 WHEREAS, nearly 60% of Montana's counties are classified as child-care deserts; and  
15 WHEREAS, Montana's total child care capacity meets only 44% of the estimated demand, and infant  
16 capacity meets only 34% of the estimated demand; and

17 WHEREAS, the average cost of child care for children under 5 years of age in Montana is  
18 approximately \$20,000 a year; and

19 WHEREAS, Montana's child care crisis is preventing thousands of Montanans from entering or  
20 returning to the workforce.

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
23

24 ~~NEW SECTION. Section 1. Child tax credit.~~ ~~(1) Except as provided in subsection (3), a resident~~  
25 ~~taxpayer who is permitted a child tax credit under section 24 of the Internal Revenue Code, 26 U.S.C. 24, is~~  
26 ~~allowed a credit against the taxes imposed by this chapter for each qualifying child of the taxpayer.~~  
27 ~~(2) Subject to subsection (5), the amount of the credit is \$1,200 \$600 for each qualifying child.~~

1                   (3) To claim the credit, a taxpayer must have:

2                   (a) proof of earned income; AND

3                   (b) investment of income of less than \$10,300; and

4                   (c)(B) a valid social security number for each child claimed.

5                   (4) The taxpayer is entitled to a refund equal to the amount by which the credit exceeds the

6 taxpayer's tax liability or, if the taxpayer has no tax liability under this chapter, a refund equal to the amount of

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

8                   (5) The credit in subsection (2) is reduced at a rate of \$50 for each \$1,000 of the taxpayer's federal  
9 adjusted gross income in excess of:

10                   (a) \$40,000 for a single or head of household taxpayer OR A MARRIED INDIVIDUAL WHO DOES NOT

11 MAKE A JOINT RETURN; and

12                   (b) \$80,000 for a married taxpayer filing jointly OR A SURVIVING SPOUSE.

13                   (6) The department shall annually adjust the credit amount in subsection (2) and the adjusted

14 gross income amounts in subsections (5)(a) and (5)(b) by the inflation factor for the following tax year and

15 round to the nearest \$100.

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

17                   (a) "Earned income" means earned income as defined in section 32 of the Internal Revenue Code,  
18 26 U.S.C. 32.

19                   (b) "Inflation factor" means a number determined for each tax year by dividing the consumer price  
20 index for June of the previous tax year by the consumer price index for June 2025.

21                   (c) "Investment income" means "disqualified income" as defined in section 32 of the Internal  
22 Revenue Code, 26 U.S.C. 32.

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

26                   **NEW SECTION. Section 1. Credit for child-care workers -- rulemaking.** (1) A resident taxpayer is

27 allowed a credit against the tax imposed by this chapter for employment as a child-care worker.

1 contained in section 129(e) of the Internal Revenue Code, 26 U.S.C. 129(e), apply to the extent applicable.

2 (10) For the purposes of this section, the following definitions apply:

3 (a) "Employer" means an employer carrying on a business, trade, occupation, or profession in this  
4 state.

5 (b) "Inflation factor" means a number determined for each tax year by dividing the consumer price  
6 index for June of the previous tax year by the consumer price index for June 2025.

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8 **NEW SECTION. Section 3. Business-supported dependent care credit.** There is a credit against  
9 the taxes otherwise due under this chapter for an employer for amounts paid or incurred during the tax year by  
10 the employer for dependent care assistance actually provided to or on behalf of an employee as provided in  
11 [section-3.2].

12

13 **Section 4.** 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, 2021, and during each biennium commencing 8  
16 years thereafter:

17 (a) the credit for donations to innovative educational programs provided for in 15-30-2334, 15-30-  
18 3110, and 15-31-158;

19 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-  
20 30-3111, and 15-31-159; and AND

21 (c) the adoption tax credit provided for in 15-30-2321; and

22 (d) the child tax credit provided for in [section 1];

23 (e) the credit for child care workers provided for in [section 2]; and

24 (f) the business-supported dependent care credit provided for in [sections 3 and 4].

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

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

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

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

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

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

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

15 (a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357

(a) The specific production and consumption results provided for in 15.81.1997 and 15.81.1998.

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

(E) THE CHILD TAX CREDIT PROVIDED FOR IN [SECTION 1];

(F)(e) THE CREDIT FOR CHILD-CARE WORKERS PROVIDED FOR IN [SECTION 21]; AND

(c)(f) THE BUSINESS-SUPPORTED DEPENDENT CARE CREDIT PROVIDED FOR IN [SECTIONS 32 AND 431]

(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

1 terminate.

2 (6) The revenue interim committee shall review the credits using the following criteria:

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

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

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

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

8 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or  
9 elimination outweigh adverse impacts; and

10 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (3)(c)

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

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14 **NEW SECTION. Section 5. Codification instruction.** (1) [Sections 1 ~~through 3 and 2~~] are intended  
15 to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to

16 [sections 1 ~~through 3 and 2~~].

17 (2) [Section ~~4 3~~] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the  
18 provisions of Title 15, chapter 31, part 1, apply to [section ~~4 3~~].

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20 **NEW SECTION. Section 6. Applicability.** [This act] applies to income tax years beginning after

21 December 31, 2025.

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