

Unofficial Draft Copy

As of: June 19, 2008 (11:08am)

LC6008

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act increasing the individual income tax credit for energy-conserving expenditures; providing a tax credit for limited liability partnerships, S. corporations, or other disregarded entities and for taxpayers with certain income levels; providing a refund for unused energy-conserving expenditure tax credits; amending section 15-32-109, MCA; providing an immediate effective date; and providing a retroactive applicability date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 15-32-109, MCA, is amended to read:

"15-32-109. Credit for energy-conserving expenditures. (1) Subject to the restrictions of ~~subsection (2)~~ subsections (4) and (5), a resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, lighting, heating, or cooling system in the building, ~~so~~ as long as ~~either type of investment is~~ the investments are for an energy conservation purpose, in an amount not to exceed ~~\$500~~ \$800.

(2)(a) Subject to the restrictions of subsections (4) and (5), a resident individual taxpayer with a family income of less

Unofficial Draft Copy

As of: June 19, 2008 (11:08am)

LC6008

than or equal to the amount established in subsection (2)(b) may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, lighting, heating, or cooling system in the building as long as the investments are for an energy conservation purpose, in an amount not to exceed \$800.

(b) To be eligible for the credit allowed by this subsection (2), a single taxpayer may not have a Montana adjusted gross income in excess of \$12,590 and married couples filing jointly or separately on the same form may not have a Montana adjusted gross income in excess of \$14,590. The department, by November 1, of each year, shall multiply the income amounts in this subsection (2)(b) by the inflation factor for that year and round the product to the nearest \$10. The resulting adjusted income is effective for that tax year and must be used in determining the eligibility for the credit allowed by this subsection (2).

(3) Subject to the restrictions of subsections (4) and (5), a limited liability partnership, S. corporation, or other disregarded entity may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a residential rental building or the installation of a water, lighting, refrigeration, heating, or cooling system in the building as long as the investments are for an energy conservation purpose, in an amount not to exceed \$800.

(4) A taxpayer's expenditure may be claimed for credit under

subsection (1), (2), or (3) but may be claimed under only one of those subsections.

~~(2)(5) The credit credits under subsection subsections (1):~~
~~(a) may not exceed the taxpayer's tax liability; and~~
~~(b) is through (3) are subject to the provisions of~~
15-32-104.

(6) The credits under subsections (1) and (3) may not exceed the taxpayer's tax liability. If the amount of the tax credit under subsection (2) exceeds the taxpayer's income tax liability for the tax year, the amount of the excess must be refunded to the taxpayer. The credit may be claimed even if the claimant has no taxable income.

(7) If the taxpayer is an S. corporation, the shareholders may claim a pro rata share of the tax credit. If the taxpayer is a partnership or disregarded entity, the credit may be claimed by the partners or members in the same proportion used to report the partnership's or entity's income or loss for Montana income tax purposes."

{Internal References to 15-32-109:
15-30-125X 15-32-104 X 15-32-106 X 15-32-106X}

NEW SECTION. Section 2. {standard} Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 3. {standard} Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31,

Unofficial Draft Copy

As of: June 19, 2008 (11:08am)

LC6008

2008.

- END -

{Name : Sonja E. Lee
Title : Research Analyst
Agency : LSD LEPO
Phone : 406-444-3078
E-Mail : sonjalee@mt.gov}