

SENATE BILL NO. 179  
INTRODUCED BY R. ERICKSON

A BILL FOR AN ACT ENTITLED: "AN ACT ADJUSTING DOLLAR AMOUNTS USED IN COMPUTING THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY TO ACCOUNT FOR INFLATION; ADJUSTING HOUSEHOLD INCOME AMOUNTS, THE HOUSEHOLD INCOME ADJUSTMENT AMOUNT, AND THE MAXIMUM AMOUNT OF THE CREDIT ALLOWABLE; PROVIDING FOR FUTURE ANNUAL INFLATION ADJUSTMENTS; AMENDING SECTIONS 15-30-171, 15-30-172, AND 15-30-176, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** Section 15-30-171, MCA, is amended to read:

**"15-30-171. Residential property tax credit for elderly -- definitions.** As used in 15-30-171 through 15-30-179, 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 15-30-172.

(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) "Household" means an association of persons who live in the same dwelling, sharing its furnishings,

facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(8) "Household income" means the amount obtained by subtracting ~~\$6,300~~ \$8,600, as adjusted in 15-30-176(7), 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 nontaxable income, including but not limited to:

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

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

(iii) alimony;

(iv) support money;

(v) nontaxable strike benefits;

(vi) cash public assistance and relief;

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

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

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

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

(11) "Rent-equivalent tax paid" means 15% of the gross rent."

**Section 2.** Section 15-30-172, MCA, is amended to read:

**"15-30-172. Residential property tax credit for elderly -- eligibility.** (1) In order to be eligible to make a claim under 15-30-171 through 15-30-179, an individual:

(a) must have reached age 62 or older during the claim period for which relief is sought;

(b) must have resided in Montana for at least 9 months of that period;

(c) must have occupied one or more dwellings in Montana as an owner, renter, or lessee for at least 6 months of the claim period; and

(d) must have less than ~~\$45,000~~ \$59,200 of gross household income, as adjusted in 15-30-176(7).

(2) A person is not disqualified as a claimant if the person changes residences during the claim period,

provided that the person occupies one or more dwellings in Montana as an owner, renter, or lessee for at least 6 months during the claim period."

**Section 3.** Section 15-30-176, MCA, is amended to read:

**"15-30-176. Residential property tax credit for elderly -- computation of relief.** The amount of the tax credit granted under the provisions of 15-30-171 through 15-30-179 is computed as follows:

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

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

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

(a) the amount of property tax billed on the owned portion of the homestead less the deduction specified in subsection (4); plus

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

(4) Property tax billed and rent-equivalent tax paid are reduced according to the following schedule, as adjusted in subsection (7):

| Household income   | Amount of reduction                            |
|--|--|
| <del>\$0 - \$999</del> <u>\$4,799</u>                          | \$0  |
| <del>\$1,000 - \$1,999</del>                                   | <del>\$0</del>                                 |
| <del>\$2,000</del> <u>\$4,800 - \$2,999</u> <u>\$7,199</u>     | the product of .006 times the household income |
| <del>\$3,000</del> <u>\$7,200 - \$3,999</u> <u>\$9,699</u>     | the product of .016 times the household income |
| <del>\$4,000</del> <u>\$9,700 - \$4,999</u> <u>\$12,099</u>    | the product of .024 times the household income |
| <del>\$5,000</del> <u>\$12,100 - \$5,999</u> <u>\$14,499</u>   | the product of .028 times the household income |
| <del>\$6,000</del> <u>\$14,500 - \$6,999</u> <u>\$16,899</u>   | the product of .032 times the household income |
| <del>\$7,000</del> <u>\$16,900 - \$7,999</u> <u>\$19,299</u>   | the product of .035 times the household income |
| <del>\$8,000</del> <u>\$19,300 - \$8,999</u> <u>\$21,699</u>   | the product of .039 times the household income |
| <del>\$9,000</del> <u>\$21,700 - \$9,999</u> <u>\$24,099</u>   | the product of .042 times the household income |
| <del>\$10,000</del> <u>\$24,100 - \$10,999</u> <u>\$26,599</u> | the product of .045 times the household income |
| <del>\$11,000</del> <u>\$26,600 - \$11,999</u> <u>\$28,999</u> | the product of .048 times the household income |

~~\$12,000 & \$29,000~~ and over

the product of .050 times the household income

(5) For a claimant whose household income is ~~\$35,000~~ \$46,100, as adjusted in subsection (7), or more but less than ~~\$45,000~~ \$59,200, as adjusted in subsection (7), 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, as adjusted in subsection (7):

| Gross household income   | Percentage of credit allowed |
|--|------------------------------|
| <del>\$35,000</del> <u>\$46,100 - \$37,500</u> <u>49,400</u>   | 40%                          |
| <del>\$37,501</del> <u>\$49,401 - \$40,000</u> <u>\$52,700</u> | 30%                          |
| <del>\$40,001</del> <u>\$52,701 - \$42,500</u> <u>\$56,000</u> | 20%                          |
| <del>\$42,501</del> <u>\$56,001 - \$44,999</u> <u>\$59,199</u> | 10%                          |
| <del>\$45,000</del> <u>\$59,200</u> or more                    | 0%                           |

(6) The credit granted may not exceed ~~\$1,000~~ \$1,400, as adjusted in subsection (7).

(7) By November 1 of each year, the department shall multiply all the dollar amounts provided in 15-30-171, 15-30-172, and this section by the ratio of the inflation factor for that tax year to the inflation factor for tax year 2008 and shall round the products to the nearest \$50. The resulting adjusted household income amounts and maximum credit amounts are effective for that tax year and must be used in calculating the tax credit allowed under 15-30-171 through 15-30-179."

NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2008.

- END -