



AN ACT ESTABLISHING AN EMPLOYER TAX CREDIT FOR TRADES EDUCATION AND TRAINING EXPENSES; PROVIDING THAT THE CREDIT BE TAKEN AGAINST INDIVIDUAL INCOME TAX AND CORPORATE INCOME TAX LIABILITIES; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE , A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE.

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

Section 1. Tax credit for trades education and training. (1) Subject to the provisions of this section, an employer taxpayer is allowed a credit against the tax imposed by chapter 31 or this chapter for expenses incurred in the provision of certain education and training of employees for a trade profession who work or are anticipated to work in Montana for at least 6 months of the year in which the education or training occurs.

(2) The credit is equal to 50% of the qualified education and training expenses incurred by an employer for the benefit of an employee, not to exceed \$2,000 per employee annually. An employer's total credit allowed under subsection (1) on an annual basis may not exceed \$25,000.

(3) The credit may not exceed the employer's tax liability and may not be carried forward or carried back.

(4) The credit allowed under this section may not be claimed by an employer if:

(a) the employer has included the qualified education and training expenses upon which the amount of the credit was computed as a deduction in computing the tax imposed by chapter 31 or this chapter; or

(b) for any amount of qualified education and training expenses that are paid for with a grant or other similar program to provide money for education and training of employees.

(5) The credit permitted under this section must be applied to the tax year in which the employer

incurs the qualified education and training expenses.

(6) If during any tax year a qualified education and training expense incurred by the employer is recovered by the employer, the employer shall:

(a) include as income the amount deducted in any prior year that is attributable to the qualified education and training expense incurred by the employer to the extent that the deduction reduced the employer's individual income tax or corporate income tax; and

(b) increase the amount of tax due under 15-30-2103 or 15-31-101 by the amount of the credit allowed in the tax year in which the credit was taken.

(7) The department may adopt rules, prepare forms, and maintain records that are necessary to implement this credit.

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

(a) "Qualified education and training expenses" means those expenses actually incurred by the employer that are paid to a third party and include but are not limited to expenses for tuition, fees, books, supplies, or equipment required as part of a qualified training method to assist an employee of the employer in developing additional techniques and skills in a trade profession.

(b) "Qualified training method" means education and training provided in any of the following methods:

(i) classroom education or training in which the employee travels to the educator or trainer;

(ii) on-site education or training in which the educator or trainer travels to the business and customizes the education or training to the employer's needs; or

(iii) online education or training that is interactive, in which:

(A) the employee has access to the educator or trainer;

(B) the employee demonstrates or practices what the employee is learning; and

(C) the online education or training has the capability to provide suitable proof of completion.

(c) "Trade profession" means:

(i) boilermakers;

(ii) brick masons, block masons, and stone masons;

(iii) carpenters;

- (iv) carpet installers;
- (v) cement masons and terrazzo workers;
- (vi) construction and building inspectors;
- (vii) construction equipment operators;
- (viii) construction laborers and helpers;
- (ix) drywall and ceiling tile installers and tapers;
- (x) electricians;
- (xi) elevator installers and repairers;
- (xii) glaziers;
- (xiii) HVAC workers;
- (xiv) logging and lumbering;
- (xv) machinists;
- (xvi) maintenance mechanics and auto mechanics;
- (xvii) millwrights;
- (xviii) oil and gas workers;
- (xix) painters;
- (xx) plumbers, pipefitters, and steamfitters;
- (xxi) roofers;
- (xxii) sheet metal workers;
- (xxiii) structural iron and steel workers;
- (xxiv) telecommunications tower technicians;
- (xxv) tile and marble setters;
- (xxvi) trucking;
- (xxvii) water well drillers;
- (xxviii) welders; and
- (xxix) wind turbine technicians.

Section 2. Corporate income tax credit for trades education and training. (1) There is a tax

credit against the taxes otherwise imposed by 15-31-101, 15-31-121, and 15-31-122 that is allowable in the amount established pursuant to [section 1] for qualified education and training expenses incurred by an employer for the benefit of an employee. The credit is administered as provided in [section 1] and this section.

(2) If the credit allowed under [section 1] and this section is claimed by a small business corporation as defined in 15-30-3301, a pass-through entity, or a partnership, the credit must be attributed to shareholders, owners, or partners using the same proportion as used to report the entity's income or loss.

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

"15-30-2303. Tax credits subject to review by interim committee. (1) The following tax credits must be reviewed during the biennium commencing July 1, 2019:

- (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;
- (b) the credit for contractor's gross receipts provided for in 15-50-207;
- (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;
- (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;
- (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; ~~and~~ and
- (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

(2) The following tax credits must be reviewed during the biennium commencing July 1, 2021:

- (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32, part 4;
- (b) the credit for qualified elderly care expenses provided for in 15-30-2366;
- (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-31-131;
- (d) the credit for contributions to a university or college foundation or endowment provided for in 15-30-2326, 15-31-135, and 15-31-136;
- (e) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-3110, and 15-31-158; and
- (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-3111, and 15-31-159.

(3) The following tax credits must be reviewed during the biennium commencing July 1, 2023:

- (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-132;
- (b) the credit for installation of a geothermal system provided for in 15-32-115;
- (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15, chapter 32, part 6;
- (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-137;
- (e) the credit for infrastructure use fees provided for in 17-6-316; and
- (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-2329, 15-31-161, and 15-31-162.

(4) The following tax credits must be reviewed during the biennium commencing July 1, 2025:

- (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;
- (b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;
- (c) the credit for capital gains provided for in 15-30-2301;
- (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-134;
- (e) the credit for an oilseed crush facility provided for in 15-32-701; ~~and~~
- (f) the credit for unlocking state lands provided for in 15-30-2380; and
- (g) the credit for trades education and training provided for in [section 1] and [section 2].

(5) The following tax credits must be reviewed during the biennium commencing July 1, 2027:

- (a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;
- (b) the biodiesel blending and storage credit provided for in 15-32-703;
- (c) the adoption tax credit provided for in 15-30-2364;
- (d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;
- (e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173;
- (f) the earned income tax credit provided for in 15-30-2318; and

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

(6) The revenue interim committee shall review the tax credits scheduled for review in the biennium of the next regular legislative session, including any individual or corporate income tax credits with an expiration or termination date that are not listed in this section, and make recommendations to the legislature about whether to eliminate or revise the credits. The legislature may extend the review dates by amending this section. 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."

Section 4. Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section 1].

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

Section 5. Effective date. [This act] is effective on passage and approval.

Section 6. Retroactive applicability. [This act] applies retroactively, within the meaning of 1-2-109, to income tax years beginning after December 31, 2020.

Section 7. Termination. [This act] terminates December 31, 2026.

END -

I hereby certify that the within bill,
HB 252, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2021.

President of the Senate

Signed this _____ day
of _____, 2021.

HOUSE BILL NO. 252

INTRODUCED BY L. JONES, R. OSMUNDSON, D. SALOMON, D. BEDEY, S. BERGLEE, J. DOOLING, W.
GALT, K. HOLMLUND, J. KASSMIER, D. LOGE

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