

1 HOUSE BILL NO. 280  
2 INTRODUCED BY J. KARLEN, C. KEOGH, J. COHENOUR, T. RUNNING WOLF, E. KERR-CARPENTER, D.  
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4 HOWELL

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6 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A CIRCUIT BREAKER INCOME TAX CREDIT FOR  
7 PROPERTY TAXES PAID AND RENT-EQUIVALENT PROPERTY TAXES PAID; REPEALING THE  
8 PROPERTY TAX ASSISTANCE PROGRAM FOR FIXED OR LIMITED INCOME, THE DISABLED VETERAN  
9 PROGRAM, THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY, AND THE INTANGIBLE  
10 LAND VALUE PROPERTY EXEMPTION; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-201, 15-  
11 7-102, 15-16-101, 15-16-102, 15-17-125, 15-18-112, 15-30-2303, 15-30-2338, AND 53-4-1103, MCA;  
12 REPEALING SECTIONS 15-6-240, 15-6-301, 15-6-302, 15-6-305, 15-6-311, 15-6-312, 15-30-2337, 15-30-  
13 2338, 15-30-2339, 15-30-2340, AND 15-30-2341, MCA; AND PROVIDING EFFECTIVE DATES AND AN  
14 APPLICABILITY DATE."

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

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18 **NEW SECTION. Section 1. Property tax and rent-equivalent property tax circuit breaker credit -**  
19 **- definitions.** As used in [sections 1 through 4], the following definitions apply:

20 (1) "Claim period" means the tax year for claimants required to file a Montana tax return or returns  
21 under chapter 30 and the calendar year for claimants not required to file returns.

22 (2) "Claimant" means a person who is eligible to file a claim for a credit under [sections 1 through  
23 4].

24 (3) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period  
25 by the renter or lessee for the right of occupancy of the qualified rental residence pursuant to an arm's-length  
26 transaction with the landlord.

27 (4) (a) "Household" means an association of persons who live in the same dwelling, sharing its  
28 furnishings, facilities, accommodations, and expenses.

1 family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home located in  
2 Montana that is subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is  
3 reasonably necessary for its use as a dwelling.

4 (10) "Rent-equivalent property tax paid" means 15% of gross rent.

5 (11) "Tax year" means the property tax year preceding the current year in which a claim for a  
6 property tax circuit breaker credit is made.

7 (12) "Threshold amount" means the amount determined based on household income as follows:

8 (a) on the first \$20,000 of household income, 1%;

9 (b) on \$20,001 to \$40,000 of household income, 2.5%;

10 (c) on \$40,001 to \$60,000 of household income, 3.5%;

11 (d) on \$60,001 to \$80,000 of household income, 5.5%;

12 (e) on \$80,001 to \$100,000 of household income, 7.5%;

13 (f) on household income above \$100,000, 9.5%.

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15 **NEW SECTION. Section 2. Property tax and rent-equivalent property tax circuit breaker credit -**

16 **- eligibility.** (1) In order to make a claim for a credit under [sections 1 through 4], the individual must have:

17 (a) resided in Montana for at least 9 months of the tax year for which the claim is made; ~~and~~

18 (b) occupied one or more qualified residences as an owner or one or more qualified rental

19 residences as a renter or lessee for at least 6 months of the tax year; and

20 (c) household income of less than \$130,000.

21 (2) A person is not disqualified from claiming the credit under [sections 1 through 4] because of a

22 change of residence during the claim period if the person occupies a qualified residence as an owner or a

23 qualified rental residence as a renter or lessee in Montana for at least 7 months during the claim period.

24 (3) Only one claim for a property tax circuit breaker credit may be made with respect to any

25 qualified residence.

26 (4) A claim for the credit may not be allowed for any portion of property tax billed or rent-equivalent

27 property tax paid that is derived from a public tax subsidy program or a public rent subsidy program.

28 (5) A claim is disallowed if the department finds that the claimant received title to the claimant's

1 qualified residence primarily for the purpose of receiving benefits under [sections 1 through 4].

2 (6) When the landlord and tenant have not dealt at arm's length and the department judges the  
3 gross rent charged to be excessive, the department may adjust the amount considered gross rent to a  
4 reasonable amount.

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6 **NEW SECTION. Section 3. Property tax and rent-equivalent property tax circuit breaker credit -**

7 **- credit amount.** (1) There is a credit against the taxes imposed by this chapter for a portion of property tax  
8 billed or rent-equivalent property tax paid by a claimant in the tax year as provided in this section.

9 (2) The amount of the credit allowed under this section is equal to the property tax billed or rent-  
10 equivalent property tax paid in the tax year times 0.75 minus the threshold amount.

11 (3) If the amount determined is equal to or less than zero, there is no credit.

12 (4) If two or more individuals share a qualified rental residence, each individual may claim the  
13 credit based on the proportional share that the individual pays of the gross rent.

14 (5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the  
15 excess must be refunded to the claimant. The credit may be claimed even though the claimant has no taxable  
16 income under this chapter.

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18 **NEW SECTION. Section 4. Property tax and rent-equivalent property tax circuit breaker credit -**

19 **- filing date -- denial of claim.** (1) Except as provided in subsection (3), a claim for the credit must be  
20 submitted at the same time the claimant's tax return is due under chapter 30. For an individual not required to  
21 file a tax return, the claim must be submitted on or before April 15 of the year following the year for which the  
22 credit is sought.

23 (2) A receipt showing property taxes billed or gross rent paid must be filed with each claim. Each  
24 claimant shall, at the request of the department, supply all additional information necessary to support a claim.

25 (3) The department may grant a reasonable extension for filing a claim whenever, in its judgment,  
26 good cause exists.

27 (4) If an individual who would have a claim under [sections 1 through 4] dies before filing the claim,  
28 the personal representative of the estate of the decedent may file the claim.