

# CREDIT FOR TRADES EDUCATION AND TRAINING

REVENUE INTERIM COMMITTEE  
MEGAN MOORE – JANUARY 2026

Tax Type	Individual/Corporate	Refundable	No
Enacted	2021	Carryover	No
Terminates	2028	4-Year Average Revenue Impact - Individual	\$322,280
MCA Sections	<u>15-30-2359, 15-31-174</u>	4-Year Average Revenue Impact - Corporate	\$441

## EXPLANATION OF CREDIT

The credit for trades education and training is a credit against the individual income or corporate income tax for an employer's **qualified education and training expenses** for a **trade profession**. The credit is equal to 50% of the qualified education and training expenses but may not exceed \$2,000 per employee annually. The total credit claimed by an employer is limited to \$25,000 per year and the credit may not be refunded or carried to another tax year.

### Qualified education and training expenses

- Expenses incurred by employer
- Paid to a third party as part of qualified training method to develop additional techniques and skills
- Includes, but not limited to, required expenses for:
  - tuition
  - fees
  - books
  - supplies
  - equipment

### Qualified training method

- Education and training using any of following methods:
  - classroom education or training
  - on-site education or training for which the trainer customizes the education or training
  - online education or training that is interactive (requires employee access to trainer, demonstration or practice, ability to provide proof of completion)

### Trade profession

- Skilled occupations in a specialized craft requiring advanced training and education
- Not typically requiring a 4-year degree
- List included in 15-30-2359 and DOR may adopt additional in administrative rules

The credit may not be claimed for education and training expenses paid with a grant or similar program or for which the employer claimed a deduction.

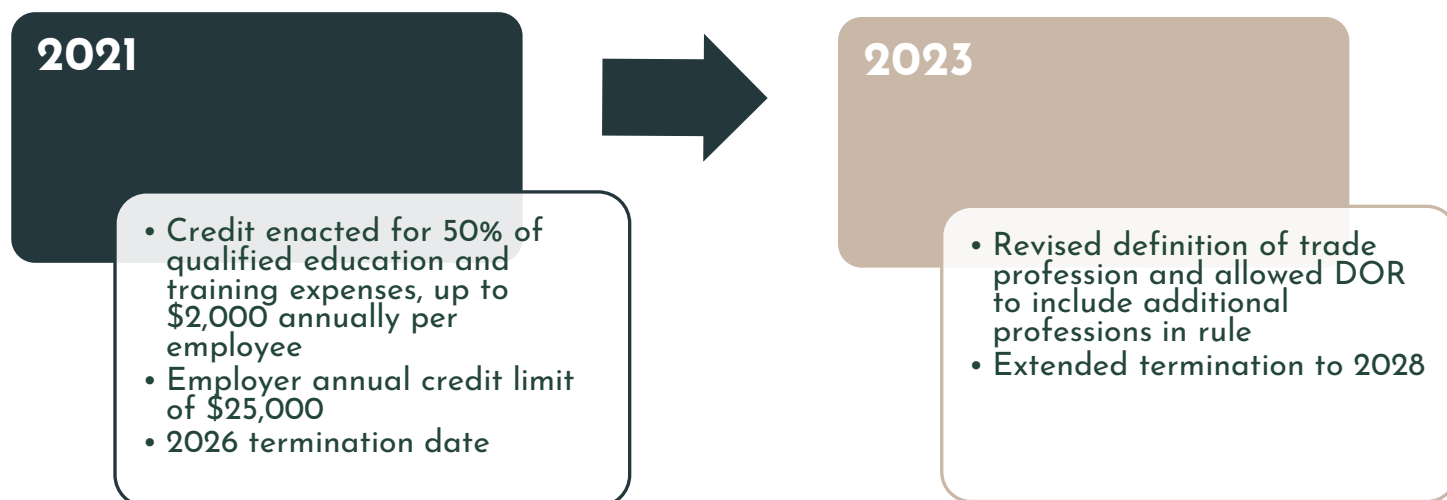
The termination date of the credit is December 31, 2028.

## PURPOSE

The bill enacting the credit for trades education and training did not include a purpose statement. However, testimony from the bill hearings can be used to infer the credit's purpose. The bill sponsor, Rep. Llew Jones, introduced the bill by citing a shortage of skilled workers. Other testimony focused on a need for workforce development and the replacement of retiring of trades workers

## LEGISLATIVE HISTORY

The 2021 Legislature enacted [House Bill 252](#) providing for the credit for trades education and training largely as it exists today. The only changes, made by the 2023 Legislature in [House Bill 245](#), extended the termination date by 2 years, expanded the list of trade professions, and allowed the Department of Revenue to include additional trade professions in administrative rule.



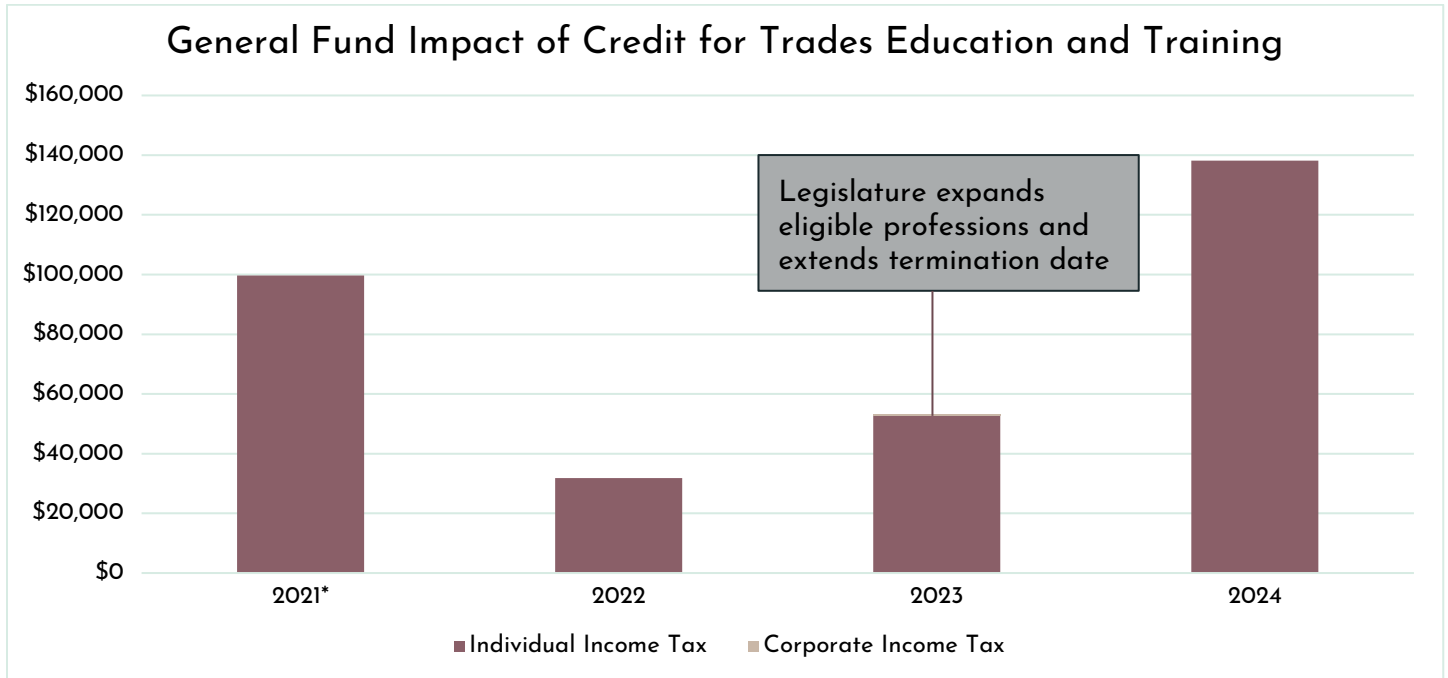
## TAXPAYER USE OF CREDIT

The total general fund impact of the credit for trades education and training is about \$322,000 since 2021.<sup>1</sup> Individual income taxpayers claimed all the credits except for \$441 claimed as corporate income tax credits in 2023.<sup>2</sup>

Income tax credit claims were highest in 2024, the year after the Legislature expanded the eligible trade professions for which qualified education and training expenses may be claimed.

<sup>1</sup> Tax credit data provided via email by Aaron McNay, Department of Revenue, Dec. 6 and Dec. 30, 2025.

<sup>2</sup> Data for 2024 corporate income tax credit claims is not yet available.



\*Includes unknown number of incorrectly claimed credits.

In the first 3 years the credit was available, taxpayers were unable to claim the full credit amount because their tax liability was less than the credit amount. The usable credits ranged from 41% to 62% of the calculated credit amount. By 2024, nearly all of the credits were usable: just \$434 in credits was not usable.

### INDIVIDUAL CREDITS FOR TRADES EDUCATION AND TRAINING CLAIMED, 2021-2024

No corporate income taxpayers claimed the credit in 2021 or 2022. The number of corporate income tax credits claimed in 2023 is not disclosed for confidentially reasons, but the total credit amount was \$441. Data for 2024 corporate income credits claimed is not yet available.

Year	Household Total		Usable Credits	
	#	\$	\$	%
2021 <sup>3</sup>	178	\$244,957	\$99,663	41%
2022	42	\$70,608	\$31,829	45%
2023	38	\$85,371	\$52,595	62%
2024	68	\$138,627	\$138,193	99.7%

<sup>3</sup> The 2021 data may include some credits incorrectly claimed by taxpayers because Department of Revenue auditing work did not get incorporated into tax processing software. The figures reported reflect the amount taxpayers were allowed to claim. Email from Aaron McNay, Department of Revenue, Dec. 30, 2025.

## CREDIT ADMINISTRATION

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The Department of Revenue does not have any “significant concerns” about administering the credit.<sup>4</sup>

When the credit first became available in 2021, some employees who participated in eligible training attempted to claim the credit. This may have resulted from tax vendor software not clearly indicating that the credit was for employers rather than employees. This issue was largely resolved through educational efforts and tax vendor software improvements.

### NO RULES TO ADD ADDITIONAL TRADE PROFESSIONS

Though [15-30-2359\(7\)](#) allows the Department of Revenue (DOR) to adopt rules to implement the credit and to include additional trade professions not listed in the statute, DOR has not adopted any rules for either purpose.

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<sup>4</sup> Email from Derek Bell, Department of Revenue, Dec. 16, 2025.