2025-2026 TAX CREDIT REVIEW FINAL REPORT (DRAFT)

FINAL REPORT TO THE 70TH MONTANA LEGISLATURE

Revenue Interim Committee

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MONTANA LEGISLATURE

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This report is a summary of the work of the Revenue Interim Committee, specific to the 2025-2026 tax credit review as outlined in the Revenue Interim Committee's 2025-26 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the Revenue Interim Committee in reaching its recommendations. To review additional information, including audio minutes, and exhibits, visit the Revenue Interim Committee website: https://committees.legmt.gov/#/nonStandingCommittees/26?tab=Details.

A full report, including links to the documents referenced in this print report, is available at the Revenue Interim Committee website: https://committees.legmt.gov/#/nonStandingCommittees/26?tab=Details

2025-2026 TAX CREDIT REVIEW FINAL REPORT

COMMITTEE REVIEWS FOUR CREDITS IN 2025-2026 INTERIM

Section 15-30-2303, MCA, requires the Revenue Interim Committee to review income tax credits and make a recommendation to the next Legislature to retain, eliminate, or revise the credits. The schedule called for review of four credits during the 2025-2026 interim.

Tax Credit	MCA Sections	Credit Description	Credit Amount	Refund or Carryforward	General Fund Impact[1]	Committee Recommendation
Credit for Trades Education and Training	15-30-2359, 15-31-174	Credit for employer's qualified education and training expenses for a trade profession	50% of expense: $2,000 per employee, $25,000 max	No	$138,193	Retain credit
Credit for Unlocking Public Lands	15-30-2380, 87-1-294	Credit for providing qualified access to public land	$750 per access, $3,000 max	Refundable	$2,215	Insert recommendation
Grow Montana Jobs Credit	15-30-2361, 15-31-175, 39-11-404	Credit for qualifying net employee growth associated with a project in the state that promotes economic development in certain sectors	50% of FICA tax paid on qualifying employees' Montana wages	10-year carryforward	$207,077	Retain credit
Elderly Homeowner and Renter Credit	15-30-2337 through15-30-2341	Credit for property taxes or rent-equivalent property tax paid by a person 62 or older	Income-adjusted property tax or 15% of rent paid, $1,150 max	Refundable	$8,076,982	Retain credit

[1] General fund impact is for the most recent year data was available when the committee reviewed the credit.

CREDIT FOR TRADES EDUCATION AND TRAINING

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	Qualified training method	Trade profession

• 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
	• 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)
		• 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 professions 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 OF TRADES EDUCATION AND TRAINING CREDIT

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 the need for workforce development and the replacement of retiring trades workers

LEGISLATIVE HISTORY OF TRADES EDUCATION AND TRAINING CREDIT

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.

2021

- **HB 252**
- Credit enacted for 50% of qualified education and training expenses, up to $2,000 annually per employee
- Employer annual credit limit of $25,000
- 2026 termination date

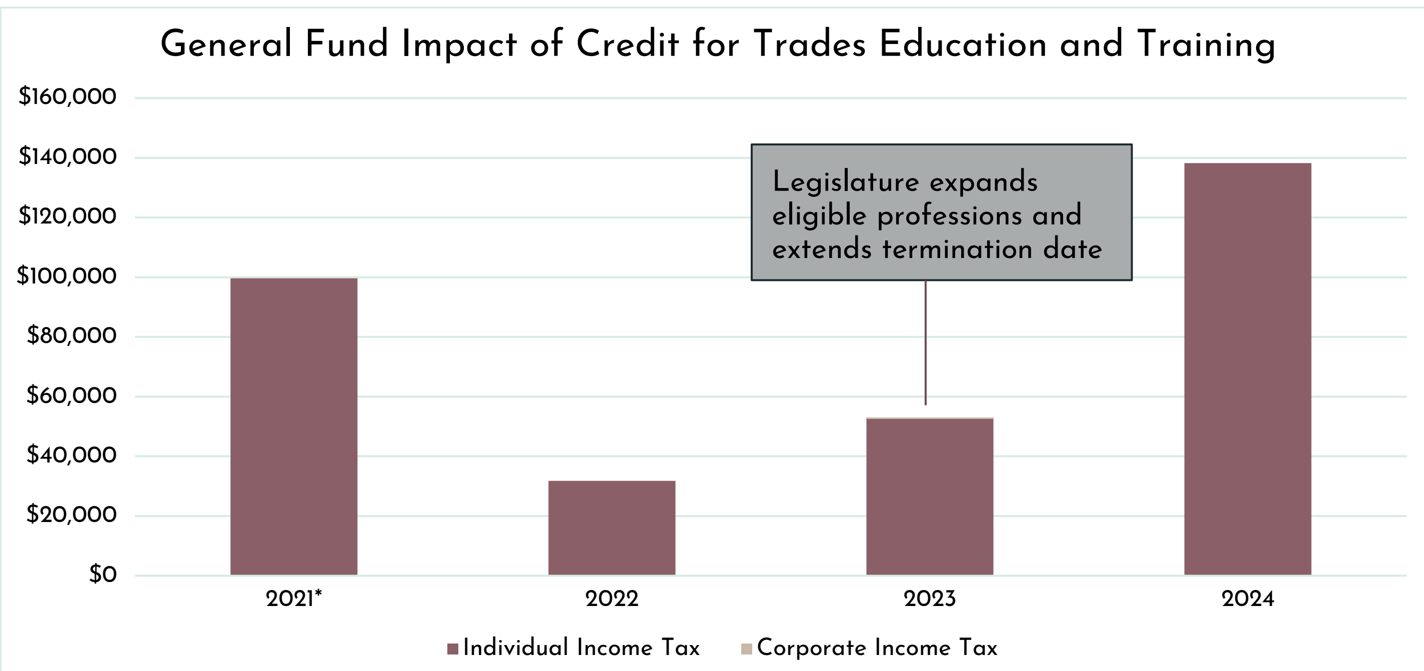
2023

- **HB 245**
- Revised definition of trade profession and allowed DOR to include additional professions in rule
- Extended termination date to 2028

TAXPAYER USE OF TRADES EDUCATION AND TRAINING CREDIT

The total general fund impact of the credit for trades education and training is about $322,000 since 2021.[2] Individual income taxpayers claimed all the credits except for $441 claimed as corporate income tax credits in 2023.[3]

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.



*Includes unknown number of incorrectly claimed credits.

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[2] Tax credit data provided via email by Aaron McNay, Department of Revenue, Dec. 6 and Dec. 30, 2025.

[3] Data for 2024 corporate income tax credit claims is not yet available.

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 confidentiality 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[4]	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%

COMMITTEE RECOMMENDS RETAINING TRADES EDUCATION AND TRAINING CREDIT

The Revenue Interim Committee recommends retaining the trades education and training credit.

[4] 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 FOR UNLOCKING PUBLIC LANDS

The credit for unlocking public lands, provided for in 15-30-2380, MCA, is a credit against the individual income tax or corporate income tax for providing qualified access to public land.

Definitions

Public Land	Qualified acess to public land
• State land • Federal land managed by the U.S. Forest Service or Bureau of Land Management	• Access or corridor through a taxpayer's property to public land for recreational use • Certified by FWP • Excludes access between public land parcels surrounded by private land with no legal access

The credit is equal to $750 per qualified public access, up to a maximum of $3,000 for providing four qualified public accesses. If the credit exceeds the taxpayer's tax liability, it may be refunded.

The credit is scheduled to terminate December 31, 2027.

FWP ADMINISTERS PROGRAM, PROVIDES PUBLIC NOTICE OF ACCESS

A taxpayer who participates in the Unlocking Public Lands Program enters into a contract with the Department of Fish, Wildlife, and Parks (FWP) that guarantees reasonable access to public land. The access may include direct access through the taxpayer's private land to public land including where the corners of two parcels of public land meet. Participants must file an application by March 15 and FWP awards contracts by May 15.

FWP is required to provide public notice of qualified access through the Unlocking Public Lands Program. Participating parcels are posted in a list of public land hunting opportunities and on the Hunt Planner Map.[5] FWP also provides signage on the property.

[5] To find parcels, click the elk in the upper right corner of the map, open the Access section, and toggle on "Other Access Opportunities." The Unlocking Public Lands parcels are marked with a "U."

RULES ADDRESS DURATION, TYPES OF ACCESS AND ALLOWABLE LANDOWNER LIMITS

Administrative rules contain additional details about the duration of access, types of access, and temporary limitations by the landowner.

The access must be available for most of the year, though temporary closure for fire danger, weather impacts, and agricultural production are permitted. The landowner must notify FWP regional headquarters at least 24 hours before the closure, post notice of the closure on the site, and the closure may not be in place for more than 7 days without FWP review and approval.

Participants may allow foot or vehicle access. For access limited to foot travel, the route to the public land may not exceed one linear mile. Vehicle access must accommodate typical road use vehicles.

CERTAIN PARCELS INELIGIBLE FOR UNLOCKING PUBLIC LANDS CREDIT

Statute and administrative rules limit or disallow the tax credit and participation in the program under certain conditions, including:

- Only the lease holder with qualified access to state land defined in 77-1-101, MCA, may claim the credit.
- Private land on which hunting is managed commercially is not eligible for participation in the program.
- Access to public land that is closed for recreational use by the land management agency or that is legally accessible through another FWP program[6] is not considered qualified access.

PURPOSE OF UNLOCKING PUBLIC LANDS CREDIT

Looking to the preamble of the bill that enacted the credit and to statutory language reveals the purpose of the credit is to provide additional opportunities for recreational activities on public land.

When enacted in 2013, the preamble in the bill creating the credit included the following clause: "Whereas, the Legislature wishes to increase access by the public to publicly owned, state lands."

The purpose of the unlocking public lands credit is to provide additional opportunities for recreational activities on public land.

The text of 87-1-2949(1), MCA, states: "The legislature finds that increasing access to public lands will provide additional opportunities for activities such as hunting, fishing, wildlife viewing, and other recreational activities as determined by the commission."

[6] Examples include Block Management, Habitat Montana, Open Fields for Game Bird Hunters, and the Upland Game Bird Enhancement Program.

LEGISLATIVE HISTORY OF UNLOCKING PUBLIC LANDS CREDIT

The credit for unlocking public lands is one of the newer tax credits, enacted in 2013 and amended twice.

2013
- HB 444
- $500 credit, $2,000 max
- For qualified access to state land
- Terminated in 2018

2015
- SB 309
- Increased credit to $750, max to $3,000
- Expanded credit to include qualified access to federal land
- Termination extended to 2020

2017
- HB 498
- Termination extended to 2027

TAXPAYER USE OF UNLOCKING PUBLIC LANDS CREDIT

$22,215 IN INDIVIDUAL INCOME TAX CREDITS CLAIMED SINCE 2014

Between 2014 and 2023, individual income taxpayers claimed a total of $22,215 in unlocking public land credits.[7] No corporate income taxpayers have claimed the credit.

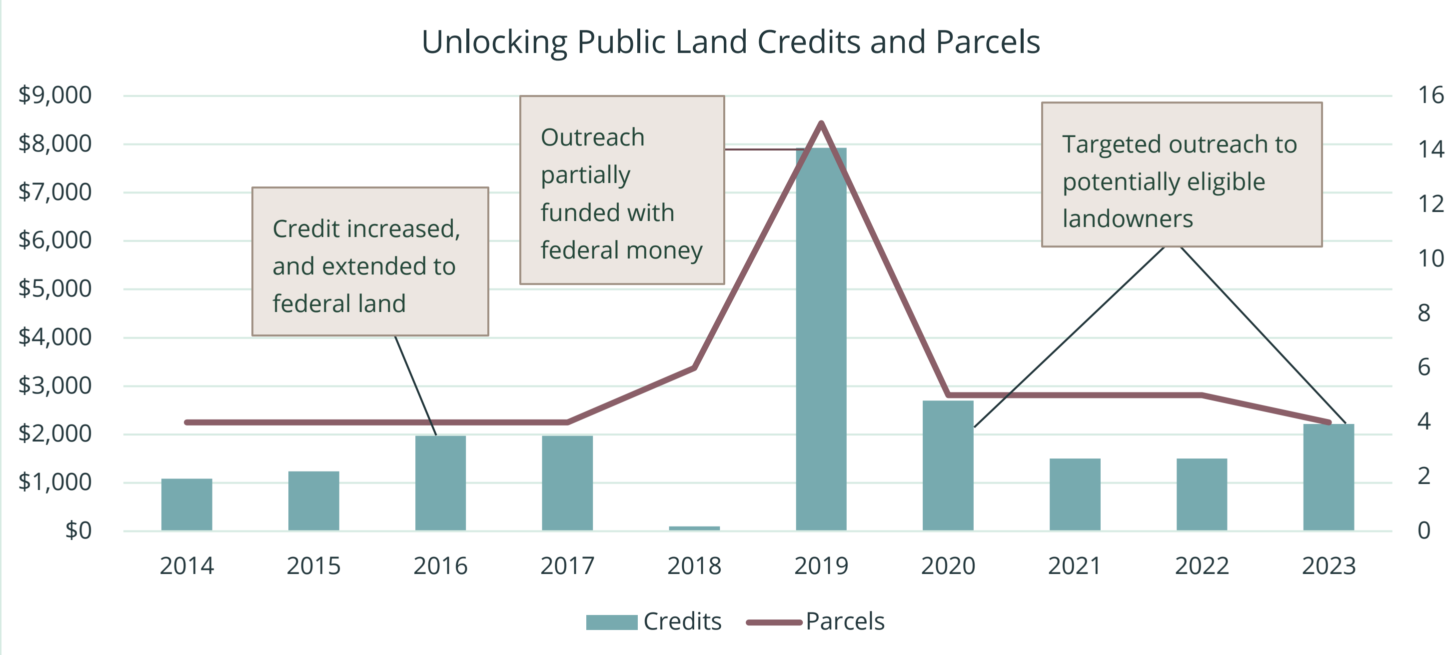
The credits provided access through 4-6 parcels in most years. In 2019, when the FWP used federal funds to expand outreach, 15 parcels enrolled in the program.[8] FWP also used geospatial analysis in 2020 and 2023 to identify properties and notify by mail property owners potentially eligible for the program. Despite those efforts, the number of participants did not significantly increase in those years.

A focused evaluation by the Legislative Audit Division in 2024 discusses why the credit may not be widely used.[9]

[7] Tax credit data provided via email by Aaron McNay, Department of Revenue, July 30, 2025. Parcel data and program administration information provided via phone and email by Jason Kool, Department of Fish, Wildlife, and Parks, July 31 and Aug. 4, 2025.

[8] In 2018, 30% of enforcement staff funding was federal dollars that could not be used for enforcement work and resulted in staff placing an emphasis on recruiting landowners into the Unlocking Public Lands (UPL) program. In 2019, the Public Access Land Agreement Program (PALA) was created and allowed for up to 10% of the funding to be used for administrative costs, which FWP used to market both the PALA program and the UPL program.

[9] "Improving Public Access: Unlocking Public Lands," Legislative Audit Division, Nov. 2024.



The credit is equal to $750 per parcel, but most taxpayers do not seem to claim the full credit amount. Dividing the credit dollars claimed by the parcels enrolled shows average credit amounts ranging from $17 to $554 per parcel per year.

Year	Credits Claimed	Landowners	Parcels	Avg. Credit Per Parcel
2014	$1,086	2	4	$272
2015	$1,239	2	4	$310
2016	$1,973	2	4	$493
2017	$1,973	2	4	$493
2018	$100	5	6	$17
2019	$7,930	7	15	$529
2020	$2,699	4	5	$540
2021	$1,500	4	5	$300
2022	$1,500	4	5	$300
2023	$2,215	3	4	$554

The low credit amounts are particularly perplexing because the credit is refundable if it exceeds a taxpayer's tax liability. This may indicate that taxpayers are forgetting to claim the credit, though FWP rules require the agency to send the credit certification number to participants by January 31 of the tax filing year.

Though credit claim data is not available for 2024 or 2025, FWP approved contracts for four parcels in 2024 and five parcels in 2025. In each year, the parcels are owned by a total of three landowners.

COMMITTEE RECOMMENDS…….

The Revenue Interim committee recommends…

GROW MONTANA JOBS CREDIT

The Grow Montana Jobs credit is an individual income and corporate income credit for **qualifying net employee growth** associated with a project in the state that promotes economic development in the sectors of construction, natural resources, mining, agriculture, forestry, manufacturing, transportation, utilities, or outdoor recreation.

Qualifying net employee growth is based on the number of **qualifying new employees**.[10]

Qualifying net employee growth → Qualifying new employee

10 **qualifying new employees** during the first year and 15 in subsequent years

OR

County population ≤ 20,000: 5 **qualifying new employees** in the first year and 7 in subsequent years

Qualifying new employee:

- Employee hired between 2022 and 2028 who increases the total number of employees from the 2021 number
- Employed at least 6 months of the year
- Yearly wage and benefits of at least $57,820 (2025)

OR

Apprentice registered with the Department of Labor and Industry who works in the construction industry

CREDIT EQUAL TO HALF OF FICA TAXES PAID FOR QUALIFYING NEW EMPLOYEES

The credit is equal to 50% of the Federal Insurance Contributions Act (FICA) tax collected on Montana source wages of **qualifying new employees**.[11] The credit is not refundable but may be carried forward 10 years.

Example credit calculation:

10 qualifying new employees * $57,820 = $578,200 * 7.65%/2 = $22,116

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[10] The term excludes an employee of the employer or a predecessor in the preceding 12 months, and an employee hired to replace an employee of a predecessor.

[11] The federal government collects FICA taxes equal to 7.65% of employee wages to fund Social Security and Medicare benefits.

DLI CONDUCTS APPLICATION PROCESS AND PROVIDES DETAILS TO DOR

An employer that wishes to claim the credit must apply to the Department of Labor and Industry (DLI) for a **credit certificate** by January 31 of the year the tax credit is to be claimed. The application must include:

- the number of employees employed in Montana in 2021 and in the most recent calendar year;[12]
- a list of employees claimed as **qualifying new employees** hired after 2022 and the date of hire and separation, records of Montana-source wages paid, and an attestation that the benefits provided are the same as those typically paid to other employees; and
- a statement indicating how the job growth is associated with a project in Montana that promotes economic growth in one of the required sectors.[13]

Upon credit approval, DLI provides a **credit certificate** to the employer that must be included with the tax return. If denying the credit, DLI must provide the reason for the denial and provide an opportunity to resolve deficiencies in the application.

DLI must also provide the Department of Revenue (DOR) a list of employers that received a **credit certificate**, the **qualifying new employees** included in the credit certificate, and the **qualified net employee growth**.

An employer may claim the credit for up to 7 years if certified each year.

PURPOSE OF GROW MONTANA JOBS CREDIT

The bill enacting the credit did not contain a purpose statement but bill sponsor, then-Rep. Dave Fern, stated the intent was to incentivize high paying jobs in Montana.[14]

LEGISLATIVE HISTORY OF GROW MONTANA JOBS CREDIT

Since the Legislature enacted the Grow Montana Jobs credit in House Bill 629 in 2021, the Legislature clarified calculations in 2023 and revised how the credit interacts with the registered apprentice credit in 2025.

The Department of Revenue recommended the 2023 changes. House Bill 601 clarified the credit calculation and the determination of **net employee growth**.

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[12] The number of employees is determined using the average monthly number of employees reported on the employer's unemployment insurance tax filings. MAR 24.23.301, Administrative Rules of Montana.

[13] MAR 24.23.304, Administrative Rules of Montana.

[14] Minutes of House Taxation Committee, March 18, 2021.

2021

- **HB 269**
- Enacted credit equal to 50% of FICA taxes for **qualifying new employees** with 10-year carry forward
- Included a 2028 termination date

2023

- **HB 601**
- Clarified calculation of credit and **net employee growth**

2025

- **HB 908**
- Added apprentice in construction industry as **qualifying new employee**
- Removed prohibition on claiming this credit and registered apprentice credit
- Repealed credit termination date*

2025 LAW AFFECTS APPRENTICES, ATTEMPTS TO REPEAL CREDIT TERMINATION

House Bill 908 in 2025 allowed employers with certain registered apprentices to also claim the Grow Montana Jobs credit.

Under the original legislation, an employer with an apprentice who met the wage and 6-month employment requirements could include the apprentice as a **qualifying new employee**. However, the employer was prohibited from claiming the registered apprentice credit and the Grow Montana Jobs credit in the same year (but could use a Grow Montana Jobs credit carryover in the same year as claiming the registered apprentice credit).[15]

The bill also revised the definition of **qualifying new employee** to include a registered apprentice in the construction industry with no wage or length of employment requirement.

Another provision amended into the bill in the House Business and Labor Committee aimed to remove the termination date of the credit. While the amendment removed the termination date from session law, it did not amend the definitions of **credit certificate**, **net employee growth**, or **qualifying new employee**. Each of those defined terms provides that the credit is available between 2022 and 2028.

TAXPAYER USE OF GROW MONTANA JOBS CREDIT

The Grow Montana Jobs credit was first available in tax year 2022. No employers claimed the credit until 2023 when corporate income taxpayers claimed $43,641 in credits.[16]

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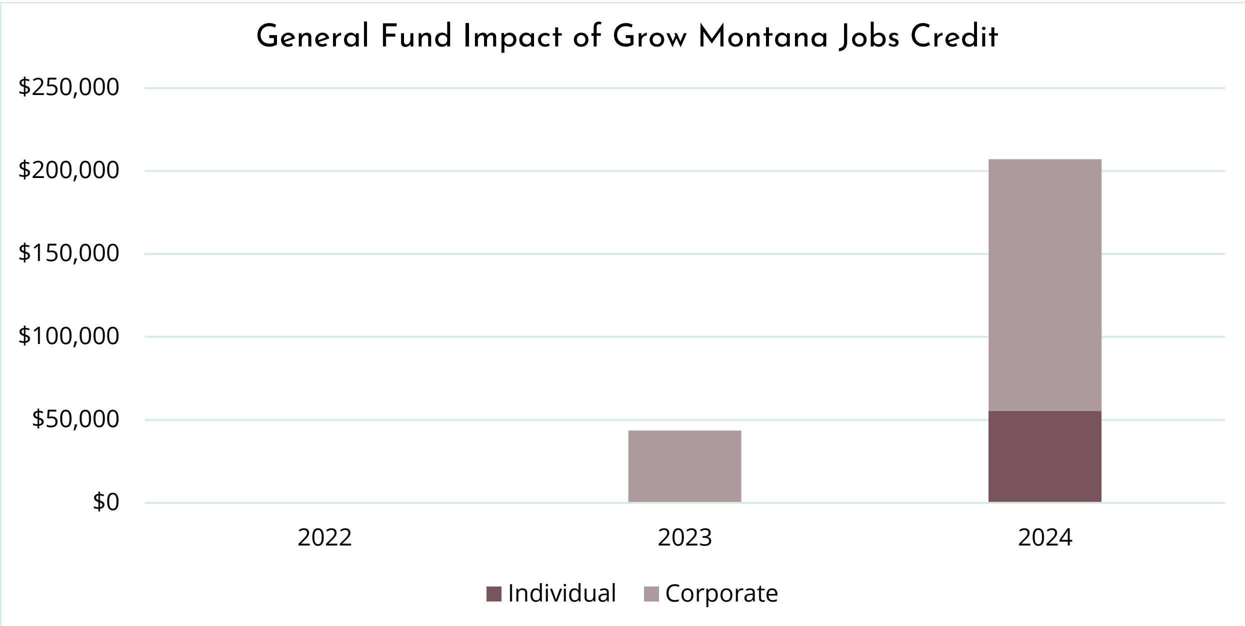
[15] At $50,000 of wages and benefits, the Grow Montana Jobs credit value per employee was $1,913 compared with a $750 credit for a registered apprentice or a $1,500 credit for a registered apprentice who is a veteran.

[16] Information in this section from Aaron McNay, "Annual Report on the Job Growth Incentive Credit" (official memorandum, Department of Revenue, April 10, 2026).

Credit claims increased to about $207,000 in 2024 with corporate income taxpayers claiming more than $150,000 and individual income taxpayers claiming about $55,000.

As of April 10, 2026, no processed 2025 tax returns claimed the Grow Montana Jobs credit.

For confidentiality reasons, the Department of Revenue does not provide the number of credits issued when fewer than 10 credits are claimed.



Section 15-30-2361 requires the Department of Revenue to report to the Revenue Interim Committee each biennium on the Grow Montana Jobs credit. The reporting provision includes an exemption from confidentiality provisions and requires reporting the names of employers qualified to claim the credit.

The following table shows the employers included in the DOR report and adds information about the industry and location of each employer.

EMPLOYERS ISSUED GROW MONTANA JOBS CREDIT CERTIFICATES

Employer Name	Industry Sector	County	Years Issued Credit Certificate
Montana Frontier Sandstone LLC	Construction	Musselshell	2024
Montana Knife Company	Manufacturing	Missoula	2023, 2024
Mountain West Holding	Transportation	Multiple[17]	2024
TDS Metrocom LLC	Utilities	Multiple[18]	2023, 2024
Transco Railcar Repair Inc.	Transportation	Custer	2024

COMMITTEE RECOMMENDS RETAINING GROW MONTANA JOBS CREDIT

The Revenue Interim Committee recommends retaining the Grow Montana Jobs credit.

[17] Mountain West Holding Company has divisions in Gallatin, Missoula, Silver Bow, and Yellowstone counties. Mountain West Holding Company, Inc. "Contact Us." Accessed April 29, 2026. https://mountainwestholding.com/contact-us.

[18] TDS Telecom has retail stores in Cascade, Lewis and Clark, Missoula, and Yellowstone counties. TDS Telecom, "Montana Retail Stores." Accessed April 29, 2026. https://tdstelecom.com/local/montana/retail-office-locations.html.

ELDERLY HOMEOWNER AND RENTER CREDIT

The elderly homeowner and renter credit is an income tax credit for property taxes paid. The credit is for property taxes billed and paid directly or property taxes paid indirectly through rent. The maximum credit amount is $1,150 and it may be refunded if it exceeds a claimant's tax liability.

Credit eligibility requirements:

- ✓ 62 or older;
- ✓ Lived in Montana at least 9 months of the year;
- ✓ Lived in eligible dwelling(s) as an owner or renter for 6 months; and
- ✓ **Gross household income** less than $45,000.

CREDIT AMOUNT BASED ON INCOME AND TAXES OR RENT PAID

The credit is calculated based on **household income** and **property tax billed** or **rent-equivalent tax paid**. This section explains the calculation and definitions, provided for in 15-30-2337, necessary to understand the credit.[19]

Step 1: Subtract $12,600 from **gross household income** to get **household income**

Step 2: Determine reduction amount by multiplying **household income** by reduction percentage

Step 3: Subtract reduction amount from **property tax billed** or **rent-equivalent tax** paid

Step 4: If **gross household income** >$35,000: apply allowable percentage

Step 5: Credit = Lesser of $1,150 or amount determined in Step 3 or 4

STEP 1: HOUSEHOLD INCOME EQUALS GROSS HOUSEHOLD INCOME MINUS $12,600

The elderly homeowner and renter credit is for claimants with **gross household income** of $45,000 or less. Both **household income**, which is **gross household income** minus $12,600, and **gross household income** are used to calculate the credit.

[19] Defined terms appear in **bold text**.

Household income = Gross household income - $12,600		
Gross household income: **Income** received by all individuals of a **household** while they are members of the household	**Household:** Persons who live in the same dwelling and share its furnishings, facilities, accommodations, and expenses; excludes lessees, tenants, and roomers on contract	**Income:** Federal adjusted gross income without regard to loss, plus all nontaxable income (such as social security not paid to a nursing home, pensions, cash public assistance, capital gains)

STEP 2: REDUCE HOUSEHOLD INCOME BY REDUCTION PERCENTAGE

The next step is to calculate the reduction amount included in 15-30-2340 based on **household income.** The reduction amounts are shown in the table below.

Less than $2,000 in **household income** (*or **gross household income** of less than $14,599*): no reduction to **property tax billed** or **rent-equivalent tax paid**.

Household income above $2,000 (*or **gross household income** above $14,599*): credit is adjusted by a reduction ranging from 0.6% to 5% of **household income**.

Household Income	Reduction	Household Income	Reduction
$0 - $1,999	$0	$7,000 - $7,999	.035 * **household income**
$2,000 - $2,999	.006 * **household income**	$8,000 - $8,999	.039 * **household income**
$3,000 - $3,999	.016 * **household income**	$9,000 - $9,999	.042 * **household income**
$4,000 - $4,999	.024 * **household income**	$10,000 - $10,999	.045 * **household income**
$5,000 - $5,999	.028 * **household income**	$11,000 - $11,999	.048 * **household income**
$6,000 - $6,999	.032 * **household income**	$12,000 & over	.050 * **household income**

STEP 3: SUBTRACT REDUCTION AMOUNT FROM PROPERTY TAX, RENT-EQUIVALENT TAX

For claimants with **gross household income** below $35,000, the elderly homeowner and renter credit calculation is based on **property tax billed** or **rent-equivalent tax paid** minus the reduction amount calculated in step 2.

Property tax billed:
Taxes levied against the **homestead**, including special assessments and fees, but excluding penalties or interest

Rent-equivalent tax paid:
15% of **gross rent**

Homestead:
Single family dwelling or unit of multiple unit dwelling:
-subject to property taxes in Montana and surrounding land up to 1 acre; or
-rented from a county or municipal housing authority

Gross rent:
Total rent in cash or its equivalent actually paid during the claim period by the renter for the right of occupancy of the **homestead** pursuant to an arm's-length transaction

Administrative Rule 42.4.302 offers details on how to determine rent if the taxpayer lives in a long-term or residential care facility and the rent payment includes amenities and how to claim the credit if the taxpayer owns and rents portions of the property.

STEP 4: APPLY ALLOWABLE PERCENTAGE IF GROSS HOUSEHOLD INCOME >$35,000

Claimants with **gross household income** of $35,000 to $44,999 receive a reduced credit, ranging from 10% to 40% of the initial calculation.

After the calculation in step 3, a claimant with **gross household income** of $35,000 or more must multiply the credit by the percentage of credit allowed corresponding to **gross household income** in 15-30-2340. The credit phases out completely at **gross household income** of $45,000.

Gross Household Income	% Credit Allowed
$35,000 - $37,500	40%
$37,501 - $40,000	30%
$40,001 - $42,500	20%
$42,501 - $44,999	10%
$45,000 or more	0%

STEP 5: FINAL CREDIT EQUALS LESSER OF CALCULATION OR MAXIMUM OF $1,150

The final credit amount is equal to the lesser of the amount calculated in step 3 or 4 and the maximum credit of $1,150. The credit may be refunded if it exceeds tax liability.

EXAMPLE CREDIT CALCULATION

Age: 70 **Income: $36,000**	**Taxes paid: $2,500**
	Notes/Calculations
Gross household income: $36,000	Federal adjusted gross income + nontaxable income
Household income: $23,400	36,000 – 12,600
Reduction amount: $1,170	23,400 * 0.050 (from 15-30-2340)
Credit before allowable percentage: $1,330	Taxes paid: 2,500 – reduction amount: 1,170
Credit after allowable percentage: $532	1,330 *0.40
Elderly Homeowner and Renter credit: $532	

PURPOSE OF ELDERLY HOMEOWNER AND RENTER CREDIT

The Legislature did not include a purpose statement when enacting the elderly homeowner and renter tax credit. However, the meeting minutes from the bill hearings include comments by the sponsor, Sen. Pat Regan, that offer some insight into her reasons for sponsoring the bill.

In the Senate Taxation Committee hearing, Sen. Regan stated that elderly taxpayers often have lower incomes after retirement while still facing increasing property taxes. She cited national figures that property taxes make up 8.1% of elderly taxpayers' expenses compared with 3.4% for younger taxpayers.[20]

Property taxes making up a larger share of elderly taxpayers' expenses was a reason cited for the credit.

Sen. Regan also told the House Taxation Committee that taxpayers who itemize their deductions may deduct property tax payments, but lower income taxpayers are less likely to itemize, and renters cannot deduct property taxes paid through rent.

Jim Jensen of the Low-Income Senior Citizens Advocacy testified that an important feature of the bill is the property tax relief for renters, who prior to the passage of the bill, did not receive any property tax relief. [21]

[20] Minutes of the Senate Taxation Committee, Feb. 12, 1981.

[21] Minutes of the House Taxation Committee, April 7, 1981.

LEGISLATIVE HISTORY OF ELDERLY HOMEOWNER AND RENTER CREDIT

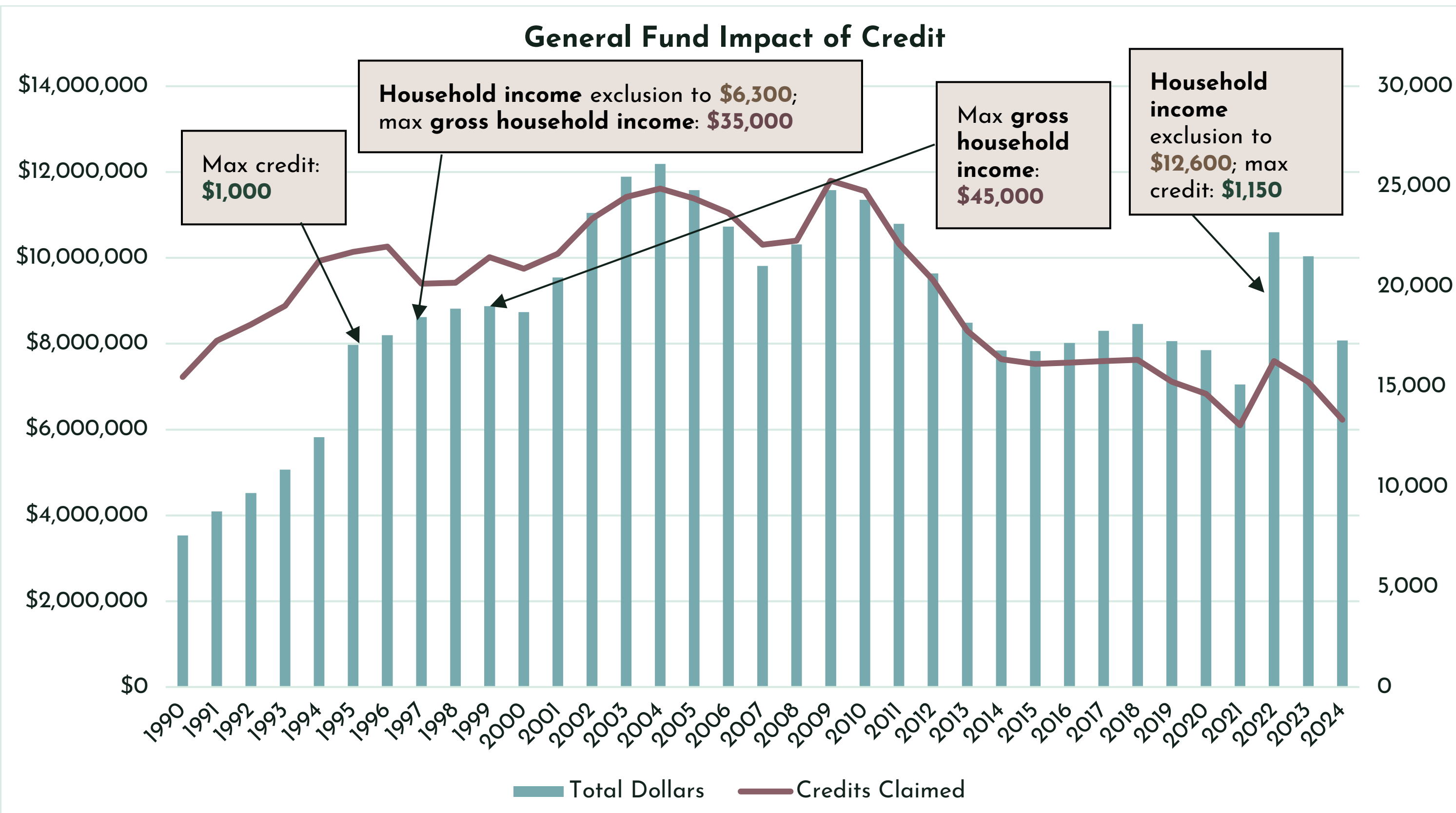
Year	Changes
1981	•Enacted as $150 refundable credit based on **household income** •**Income** excluded social security benefits
1983	•Maximum credit increased to $400 •**Income** revised to include social security benefits •Provided for **household income** exclusion of $4,000 •Credit disallowed for property not suject to property taxes
1989	•**Household income** exclusion revised to greater of $4,000 or 50% of retirement income •Credit allwed for resident of tax-exempt property rented from a county or municipal housing authority
1991	•**Income** revised to exclude social security paid to a nursing home
1995	•Increased maximum credit to $1,000
1997	•Limited credit to claimant with **gross household income** less than $35,000 •Increased **household income** exclusion to $6,300 •**Property tax billed** revised to include fees and special assessments
1999	•Increased claimant **gross household income** limit to $45,000 with phaseout beginning at $35,000
2021	•Increased **household income** exclusion to $12,600 •Increased maximum credit to $1,150

TAXPAYER USE OF ELDERLY HOMEOWNER AND RENTER CREDIT

The number of taxpayers claiming the elderly homeowner and renter credit has remained steady since 1990, with between 15,000 and 24,000 claimants in most tax years.[22] Credit claims remained strong in the first decade of the 21st century, even after the 1997 and 1999 Legislatures added income limits to the credit.

After the increase of the maximum credit from $400 to $1,000 in 1995, the total credit dollars claimed exceeded $7 million each year. By 2010, the number of credits claimed began an 11-year decline, perhaps because the $45,000 **gross household income** limit has not been adjusted since 1999.

Credit dollars increased in 2022 after the enactment of legislation doubling the exclusion from **household income** and increasing the maximum credit to $1,150. The 2024 decrease in credits and dollars claimed is likely a result of the expansion of the property tax assistance program (PTAP). House Bill 189 (2023) increased that program's income limits and the maximum eligible home value in 2024. The resulting reduction in property tax bills for some PTAP enrollees also lowered the elderly homeowner and renter credit, which is calculated using property taxes paid.



Between 1997 and 2021, when the maximum credit was $1,000 and the exclusion from **household income** was unchanged, the average credit claimed ranged from a low of $418 in 2000 to a high of $539 in 2021. This upward

[22] Data provided via email by Aaron McNay, Department of Revenue, June 19, 2020, and Jan. 22, 2026. Tax return data before 2011 may include an unknown number of $0 credits that result when a taxpayer completes the credit calculation, but the result is a $0 credit.

trend may reflect property tax increases over the more than 20 years but could also be attributable to $0 claims in the data between 2000 and 2010. Average credits increased above $600 after the 2022 legislative changes.

ELDERLY CREDIT SUBJECT OF 20 FAILED BILLS SINCE 2001

During the 1980's and 1990's the Legislature frequently amended the elderly homeowner and renter credit. After the 1999 increase in the maximum **gross household income** qualifying for the credit, the Legislature did not amend the credit until 2021. The Legislature considered, but did not enact, 20 bills amending the credit since 1999.

BILLS MOSTLY FOCUS ON CREDIT CALCULATION, MAXIMUM CREDIT

The most common and persistent focus of the legislation is the credit calculation, maximum credit amount, or both. The 13 bills considered aimed to make the credit more generous, often by increasing the **household income** exclusion, the maximum **gross household income** eligible for the credit, or the maximum credit amount.

Another topic appearing in five bills proposed enacting an all-ages income tax credit for property taxes or rent paid. Most bills would have repealed the elderly homeowner and renter credit, but Senate Bill 15 (2023) allowed younger taxpayers to claim a credit equal to 80% of the elderly homeowner and renter credit. Other versions excluded from the table below would allow taxpayers to choose between a new credit and the elderly homeowner and renter credit.[23]

The Revenue Interim Committee proposed three of the bills — House Bill 19 (2017), Senate Bill 10 (2021), and Senate Bill 15 (2023) — and its predecessor requested a fourth, Senate Bill 92 (1999).

2025 BILL VETOED; OTHERS GENERALLY TABLED IN FIRST CHAMBER

The 2025 Legislature approved House Bill 831, but the governor vetoed it, and the override poll failed.

Except for two other bills that advanced to the second chamber, the other 17 bills failed in the first chamber that considered the bill.

House Bill 831 (2025)

- Increased **household income** exclusion to $14,100
- Increased **gross household income** maximum to $50,000 and indexed it for inflation
- Increased the allowable credit for claimants with **gross household income** above $35,000
- Increased the maximum credit to $1,400

COMMITTEE RECOMMENDS RETAINING ELDERLY HOMEOWNER AND RENTER CREDIT

The Revenue Interim Committee recommends retaining the elderly homeowner and renter credit.

[23] See: HB 672 (2021), HB 280 (2023), HB 154 (2025), and SB 225 (2025).

Bill amended provision

Failed Legislation Amending Elderly Homeowner and Renter Credit, 1999-2025

Year	Bill	Sponsor	Bill Provisions						Outcome
Revise credit calculation, amount			Household income exclusion	Reduction %	Max gross household income	Max credit	Inflation	Other	
1999	SB 92	S. Doherty			No pension, soc. sec.	$1,500			Tabled 1st (Tax)
2005	HB 509	H. Jacobson	$7,500		$50,000	$1,250			Tabled 1st (Tax)
2007	HB 572	R. Erickson						Rent 20%	Tabled 1st (Tax)
2007	HB 236	H. Jacobson	$8,000		$54,500	$1,300			Tabled 1st (Approp.)
2009	SB 179	R. Erickson	$8,600		$59,200	$1,400			Tabled 1st (Tax)
2013	HB 272	B. Hoven				$1,500			Tabled 1st (Approp.)
2015	SB 116	B. Hoven				$1,500			Tabled 1st (F&C)
2019	HB 340	M. Hopkins				$1,700			Tabled 1st (Approp.)
2019	SB 170	B. Hoven						Phaseout 1% each $150	Tabled 2nd (Tax)
2023	HB 926	M. Hopkins				$1,700			Tabled 1st (Approp.)
2023	SB 15	S. O'Brien				$1,300		< age 62, 80% credit	Tabled 1st (Tax)
2025	HB 831	G. Nikolakakos	$14,100		$50,000	$1,400		Increase credit % >$35k	Veto override failed
2025	SB 173	D. Fern			Future indexing	$1,700			Withdrawn
Repeal and replace credit									
2009	SB 513	J. Brueggeman	Replace elderly homeowner and renter credit with all-ages income tax credit for property taxes paid						Tabled 1st (Tax)
2011	HB 223	D. Barrett	Replace elderly homeowner and renter credit with all-ages circuit breaker						Tabled 1st (Tax)
2013	SB 287	D. Barrett	Replace elderly homeowner and renter credit with all-ages circuit breaker						Tabled 1st (Tax)
2021	SB 10	J. Cohenour	Replace elderly homeowner and renter credit with all-ages circuit breaker						Tabled 1st (Tax)
Revise eligible homesteads									
2015	HB 287	T. Jacobson	Allow credit for resident of assisted living or long-term care facility not subject to property taxes						Tabled 1st (Approp.)
2015	SB 194	M. Caferro	Allow credit on dwelling not subject to property taxes						Tabled 2nd (Approp.)
2017	HB 19	T. Jacobson	Allow credit on dwelling not subject to property taxes						Tabled 1st (Tax)

APPENDIX A:
REVENUE INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, House and Senate leadership appoint lawmakers to interim committees. The members of the Revenue Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

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LEGISLATIVE SERVICES DIVISION