



GOVERNOR GREG GIANFORTE
DIRECTOR BRENDAN BEATTY

TO: Revenue Interim Committee

FROM: Aaron McNay, Tax Policy and Research

DATE: April 10, 2026

RE: Annual Report on the Job Growth Incentive Credit

The Department of Revenue is required by 15-30-2361, MCA to make a report to the Revenue Interim Committee on the Grow Montana Jobs Credit each biennium. This memorandum briefly describes the Grow Montana Jobs Credit and reports on the use of the credit since it first became available in tax year 2022.

Created by the 2021 Montana Legislature, the Grow Montana Jobs Credit first became available to business in Montana starting in tax year 2022. To qualify for the credit, a business must hire new qualifying employees that are associated with a project in the state that "encourages, promotes, and stimulates economic development in the sectors of construction, natural resources, mining, agriculture, forestry, manufacturing, transportation, utilities, or outdoor recreation." The business must also have net employee growth associated with the qualifying project.

Employees have two different means of meeting the qualifications for the credit.

The first path requires qualified employees to meet several requirements. The new qualified employee must have been hired towards the qualifying project. They must also have an annual wage that is above the qualifying cutoff amount, which is adjusted each year for inflation. The qualifying income amounts were \$50,000 in 2022, \$54,530 in 2023, \$56,150 in 2024 and \$57,820 in 2025. Finally, qualifying employees must also work at least 6 months in the year the credit is being claimed.

The second path requires a qualified employee to be an apprentice who is in the construction industry. They must also have been hired towards a qualifying Montana project that will encourage economic development.

If a business meets the necessary requirements for the credit, they must apply for a tax credit certificate from the Montana Department of Labor and Industry before they can claim the credit on a Montana tax return. If the Department of Labor and Industry determines the businesses has met all the necessary requirements, they will issue a credit certificate. With the certificate, the business can claim a non-refundable credit that is equal to 50% of the taxes paid on Montana

sources wages for the qualifying employees under the Federal Insurance Contributions Act (FICA). If the credit exceeds the taxpayer’s tax liability, the taxpayer can carry forward the un-used portion of credit for up to 10 years.

Based on records for calendar years 2023 and 2024, the Department of Labor and Industry has issued credit certificates with nearly \$480,000 in approved credits. For tax year 2023, the Department of Labor and Industry issued credit certificates to two companies, with \$130,118 in total approved credits. For tax year 2024, the total number of businesses issued a credit certificate increased to five, with \$348,133 in total credits. A list of the businesses issued credit certificates each year is provided on the table below.

Figure 1	
Tax Year	Business Name
2023	Montana Knife Company
2023	TDS Metrocom LLC
2024	Montana Frontier Sandstone LLC
2024	Montana Knife Company Inc
2024	Mountain West Holding
2024	TDS Metrocom LLC
2024	Transco Railcar Repair Inc

Based on personal income tax returns received and processed by the department through March 2026, the Job Growth Incentive credit was claimed on zero returns for tax year 2023, and less than ten returns in tax year 2024. The department has yet to process any returns claiming the credit for tax year 2025. The tax year 2024 returns claimed \$87,059 in total credits.

The Job Growth Incentive credit is non-refundable. Because of this, all of the credits reported on each taxpayer’s return may not be used if the taxpayer lacked sufficient tax liabilities. This has the potential to reduce the revenue impact on the state for the tax year, as taxpayers will be unable to use all of their reported credits. When compared to each taxpayer’s tax liability, the total number of usable credits for tax year 2024 decreases from \$87,059 to \$55,322. There is a 10 year carry forward allowance for this credit, so the \$31,737 in unused credits could be claimed by taxpayers in future years.

Figure 2						
Tax Year	Individual Income Tax Credits Claimed				C-Corporation Income Tax Credits	
	Returns	Total Credits	Usable Credits	Unused Credits	Returns	Total Credits Claimed
2023	0	\$0	\$0	\$0	*	\$43,641
2024	*	\$87,059	\$55,322	\$31,737	*	\$151,755

* Fewer Than 10 Returns

C-Corporate income tax returns received and processed by the department through March 2026 reported \$43,641 credits in tax year 2023. The total credits claimed increased in tax year 2024 to \$151,755. Unlike individual income tax returns, the total number of credits reported on C-

Corporation returns are already adjusted to match the taxpayer tax liability, so the entire \$195,396 in credits for the two tax years were usable to taxpayers.