EXHIBIT 5
DATE 4.24.07
HB 678

Amendments to House Bill No. 678
Reference Copy

Requested by Senator Robert Story

For the House Free Conference Committee

Prepared by Jeff Martin
April 24, 2007 (7:10am)

1. Title, line 5.
Following: "LAWS"
Insert: "AND BY PROVIDING TAX RELIEF FOR CERTAIN RENTERS"
Following: ";"
Insert: "ALLOWING A REFUNDABLE RENTER'S INCOME TAX CREDIT; LIMITING THE CREDIT TO INDIVIDUALS BELOW A CERTAIN INCOME LEVEL;"

2. Title, line 13.
Strike: "AN"

3. Title, line 14.
Strike: "DATE AND AN"
Insert: "DATES,"
Strike: the second "DATE"
Insert: "DATES, AND A TERMINATION DATE"

4. Page 9.
Following: line 17
Insert: "NEW SECTION. **Section 1. Renter's tax credit -- eligibility -- requirements -- limitations -- refund -- penalties for fraudulent claims.** (1) Except as provided in subsections (6) and (7) and subject to the provisions of this section, an individual filing a return under this chapter is allowed a renter's credit for tax years beginning after December 31, 2006, and before January 1, 2009, against the taxes imposed by 15-30-103 in an amount equal to 3% of the gross rent paid by the taxpayer in the tax year that the taxpayer rented a dwelling or dwellings as the taxpayer's principal residence for at least 7 months during the tax year. The maximum credit allowed under this section may not exceed $120.

(2) In order to be eligible to make a claim for a credit under this section, the taxpayer must have:

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

(b) occupied one or more dwellings in the state as a renter or lessee for at least 7 months of the tax year.

(3) A taxpayer is not disqualified from claiming the credit under this section because of a change of residence during the tax year if the taxpayer occupies one or more dwellings in

Montana as a renter or lessee for at least 7 months during the tax year.

(4) (a) A receipt or other evidence of gross rent paid must be filed with the claim for a credit. In addition, each taxpayer shall, at the request of the department, supply all additional information to support the claim.

(b) Married taxpayers may not claim more than one credit under this section. Married taxpayers filing separately on the same form may allocate the credit between spouses.

(c) If two or more individuals are sharing a dwelling, each individual may claim the credit based on the proportional share that the individual pays of the gross rent. However, the total credit claimed by taxpayers sharing the dwelling may not exceed $120.

(5) If the amount of credit exceeds the taxpayer's tax liability under this chapter, the amount of the excess must be refunded to the taxpayer.

(6) A claim for a credit is not allowed under this section if the individual's Montana adjusted gross income is greater than $45,000.

(7) (a) A taxpayer who receives a residential property tax credit for the elderly under 15-30-171 through 15-30-179 may not claim the credit under this section for the same tax year.

(b) A taxpayer who is claimed as a dependent on another taxpayer's tax return may not claim the credit allowed under this section.

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

(a) "Dwelling" means:

(i) a single-family dwelling or unit of a multiple-unit dwelling and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use as a dwelling;

(ii) a single-family dwelling or unit of a multiple-unit dwelling that is rented from a county or municipal housing authority as provided in Title 7, chapter 15; or

(iii) a single-family dwelling or unit of a multiple-unit dwelling in which any portion of the individual's rent payment is derived from rent equivalent payments or from a public rent or tax subsidy program.

(b) "Gross rent" has the meaning provided in 15-30-171.

(c) "Rent equivalent" means a rental payment paid by a governmental agency to a lessor or landlord."

Renumber: subsequent sections

5. Page 34, line 10.

Insert: "NEW SECTION. **Section 8. {standard} Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1]."

6. Page 34, line 11 through page 12.
Strike: section 7 in its entirety
Insert: "NEW SECTION. **Section 9. {standard} Effective dates.** (1) [Sections 1, 8, 10, and 11 and this section] are effective on passage and approval.

(2) [Sections 2 through 7] are effective July 1, 2007."

Insert: "NEW SECTION. **Section 10. Retroactive applicability -- applicability.** (1) [Section 1] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2006.

(2) [Sections 2 through 7] apply to school district budgets for school fiscal years beginning on or after July 1, 2007."

Insert: "NEW SECTION. **Section 11. {standard} Termination -- credit claimed after termination.** [Section 1] terminates December 31, 2008, but the renter's credit may be claimed for the tax year beginning after December 31, 2007, and before January 1, 2009, on the tax return filed after December 31, 2008."

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