



**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

## Memorandum

To: Director Kadas

From: Rose Bender

Date: August 31, 2017

Subject: Small Business Impact Statement re. MAR 42-2-981, Tax Credits

The proposed New Rule I provides detailed guidance for corporate income taxpayers on income tax credits. This rule would not result in any changes in the department's practices and is not expected to impact small businesses.

The amendments to ARM 42.4.403 update the years in the examples to current and change "%" to "percent". These changes will not impact small businesses.

The amendments to ARM 42.4.502 remove language regarding capital gains tax credits for tax years beginning prior to December 31, 2008. This information will still be available for any taxpayers who need it by contacting the department directly. The changes also update examples to current years and improve the text grammatically. These changes should not result in any significant impacts to small businesses.

The amendments to ARM 42.4.1702 follow the passage of Senate Bill 175 in the 2015 Montana legislative session. This bill expanded the temporary emergency lodging tax credit to include families as well as individuals. The department also updates a website address and language clarifying the credit amount limits. Any impacts to small businesses are a result of the passage of the new law and not from the rule change.

The amendments to ARM 42.4.2301 follow the passage of Senate Bill 309 in the 2015 Montana legislative session which expanded the credit for unlocking isolated land to include access to federal land as well as state land. The department proposes changing this rule to comply with that law change, and any impacts to small businesses are a result of the law change and not these rule changes. In this section, the department also proposes replacing "FWP" with the full name of the department. This change has no effect on the department's practices and will not impact small businesses.

The amendments to ARM 42.4.2303 follow the passage of Senate Bill 309 from the 2015 Montana legislative session which expanded the credit for unlocking isolated land to include access to federal land as well as state land. The department proposes changing this rule to comply with that law change, and any impacts to small businesses are a result of the law change and not these rule changes. The department also makes a small grammatical change in this rule which has no impact on the department's practices.

The amendments to ARM 42.4.2704 update examples to current years and improve the text grammatically. These changes should not result in any significant impacts to small businesses.

The amendments to ARM 42.4.2802 follows the passage of House Bill 137 in the 2017 Montana legislative session which repealed the Insure Montana Credit. The department proposes changing this rule to comply with that law change, and any impacts to small businesses are a result of the law change and not these rule changes. The department also proposes updating the examples with current tax years which has no impact on the department's practices.

The amendments to ARM 42.4.4115 are grammatical corrections and will not impact small businesses.

The repeal of ARM 42.4.601, ARM 42.4.602, and ARM 42.4.603 are a result of the expiration of the rural physician's credit in Montana Code. Any impact to small businesses is a result of this provision in Montana Code and not the rule change.

The repeal of ARM 42.4.702 and ARM 42.4.703 follow the passage of Senate Bill 10 in the 2017 Montana legislative session which repealed the refundable income tax provision. Any impacts to small businesses are a result of the change in law and not from this rule change.

The repeal of ARM 42.4.2402, ARM 42.4.2403, and ARM 42.4.2404 follow the passage of House Bill 137 in the 2017 Montana legislative session which repealed the Insure Montana Tax Credit. Any impacts to small businesses are a result of that law change and not the corresponding change in rules.

The repeal of ARM 42.4.2501, ARM 42.4.2502, and ARM 42.4.2503 are a result of the expiration of the oilfield crush facility tax credit in Montana Code. Any impacts to small businesses are a result of this provision in Montana Code and not the rule change.

The repeal of ARM 42.4.3301, ARM 42.4.3302, ARM 42.4.3303, ARM 42.4.3304, ARM 42.4.3305, and ARM 42.4.3306 are a result of the expiration of the media production tax credit in Montana Code. Any impacts to small businesses are a result of this provision in Montana Code and not the rule change.