



MONTANA PUBLIC ASSISTANCE PROGRAMS & INCENTIVES

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MONTANA STATE LEGISLATURE

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People face a benefits cliff when they receive public benefits from the government, earn a raise, and then discover they make too much money to receive the benefits. Benefits cliffs may disincentivize workers from accepting increased work hours and wages, leading to decreased economic opportunity for families and lessening the chance for families to exit support systems. Additionally, this creates workforce shortages for employers who must perpetually recruit, hire, and train for the same positions.

As part of their workplan for the 2021-2022 interim, the Economic Affairs Interim Committee is looking at the eligibility requirements for, and benefits provided by, public assistance programs in the state, including workforce and tax incentives for both families and employers.

PUBLIC ASSISTANCE PROGRAMS & INCENTIVES

The following is a summary of programs and incentives available to individuals, families, and employers in Montana by the Department of Public Health and Human Services (DPHHS), Department of Labor and Industry (DLI), and Department of Revenue (DOR).

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES PROGRAMS¹

MEDICAID, MEDICAID EXPANSION

Provides health care coverage to adult members of Montana families whose household countable income is between 25% and 138% of the Federal Poverty Level (FPL).

HEALTHY MONTANA KIDS

Provides medically necessary health care coverage for children through the month of their 19th birthday, in families with countable income up to 266% of the FPL.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

Provides food assistance to low-income Montanans. The average SNAP household receives benefits for 18 months. The federal government sets the eligibility criteria for this entitlement program. One in every eleven Montanans receives SNAP benefits, and nearly two-thirds of SNAP participants are children, elderly or have disabilities.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Montana TANF program is temporary assistance designed to help families become stable, able to work, and financially secure. To be eligible for TANF, the household must have a child or include a pregnant woman in her 3rd trimester. The federal limitation on temporary assistance is 60 months in a lifetime. In addition to the state-run TANF program, four tribes manage their own TANF programs: the Blackfeet Tribe, Chippewa Cree Tribe, Fort Belknap Tribes, and Confederated Salish and Kootenai Tribes (CSKT).

Clients eligible for TANF services may be eligible to receive cash assistance and/or other supports to assist in meeting the goals of family stability, employability, and financial security. On average, a TANF client receives assistance for nine months.

WOMEN INFANT CHILDREN (WIC)

The Montana WIC Program strives to assure healthy pregnancies, healthy birth outcomes, and healthy growth and development for women, infants, and children up to age 5 who are at nutritional risk. WIC services include health screening and referrals, nutrition education and breastfeeding support, and healthy foods prescribed to meet the unique needs of the mother and children. Federal law allows states to set the income eligibility standard between 100-185% of

¹ Summary from [Department of Public Health and Human Services memo](#)

the federal poverty income level. Montana's eligibility standard is established by DPHHS is the maximum level of 185% FPL for WIC.

BEST BEGINNINGS CHILD CARE ASSISTANCE

Helps low-income families with children up to 13 years old access child care. The Best Beginnings Scholarship Program supports working families, students, children served through Child and Family Services (CFS), and families served through the TANF program. Eligible families must meet income and activity requirements. A family of three making up to \$3,313 per month is eligible at 150% FPL. Families assume a percentage of their child's cost of care through a monthly copayment made directly to the child care provider.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

LIHEAP, funded through a block grant, helps low-income households reduce their energy burden. Based on financial eligibility, the average household subsidy through LIHEAP for the 2019-2020 heating season equated to about \$126 per month. Similar to SNAP, the majority of LIHEAP beneficiaries are disabled, elderly, and households with small children.

WEATHERIZATION

The Weatherization program benefits low-income recipients by investing in energy saving measures to reduce heating costs and lower energy consumption. Investing in weatherization dollars lowers the cost of heating bills for the household over time. Weatherization supports low-income families in maintaining safe, stable, and affordable housing. Houses are prioritized based on eligibility of the dwelling and high energy burden with preference provided to those households with elderly, persons with a disability, or children.

DEPARTMENT OF LABOR AND INDUSTRY²

APPRENTICESHIP PROGRAM

A method of skills-development-employment that combines classroom instruction with hands-on work experience. The model is an integral part of Montana's worker training system and spans all types of industries and occupations. DLI enables the program via a blend of federal and state funds. State fiscal year (FY) 2021 saw over 2,600 active apprentices working in 85 different occupations and employed by 686 different sponsors. 71% were in skilled trades, and one year after graduation an individual's average annual salary was \$59,000.

INCUMBENT WORKER TRAINING (IWT) PROGRAM

A grant-funding source to help off-set a portion of skills-based training costs for existing workers employed by a Montana small business. The business must demonstrate that training will increase the worker's skill-level, resulting in a promotion or wage gain of the worker and/or expansion of or increased revenue for the business. Target audience is small businesses (50 or fewer total employees). The FY21 budget was approximately \$500,000, which equates to 145 grants awarded to businesses, and approximately 300 workers trained in four categories (32% certificates, 4% scholastic, 50% skills attainment, 13% soft skills).

WORK OPPORTUNITY TAX CREDIT (WOTC) PROGRAM

Federal tax credit and incentive program that encourages employers to hire individuals in underserved or underrepresented potential labor pools through a reduction in their federal income tax liability. Also provides those individuals employment options that help them gradually move from economic dependency to self-sufficiency. Target audience is specifically defined and includes low income and those receiving public assistance. FY21 saw almost 9,000 applications processed from 4,500 businesses, with 3,500 approved for total potential tax credit savings of \$8.5M.

HELP-LINK PROGRAM

Voluntary workforce program for adults enrolled in certain types of Medicaid that seeks to increase labor force participation and improve the long-term employability of the client, thus reducing their reliance on Montana Medicaid for health insurance. Target audience is Medicaid-eligible adults aged 19-64 who earn less than 138% of the FPL. FY21

² Summary from [Department of Labor & Industry memo](#)

budget was approximately \$1.75M and approximately 2,300 people participated in the program. 18 employer grants were awarded for a total of \$33K.

DEPARTMENT OF REVENUE³

INDIVIDUAL INCOME TAX PROVISIONS

CHILD AND DEPENDENT CARE DEDUCTION

Montana allows taxpayers to claim an itemized deduction of up to \$4,800 for the expenses of maintaining a household or providing care to certain dependents while the taxpayer is at work or looking for employment. To qualify, the taxpayers must have a combined Montana Adjusted Gross Income of less than \$33,800 if caring for one eligible dependent. The income limit is increased to \$25,200 for taxpayers caring for two dependents. For taxpayers caring for three or more dependents, the income limit is \$27,600. The deduction is set to repeal in 2024, when Montana ceases using standard deductions and personal exemptions.

Federal law allows taxpayers to claim a credit rather than an itemized deduction for dependent care expenses. The itemized deduction for child and dependent care expenses reduced income tax revenue to the state general fund for 2019 by \$2,674, or less than \$0.01 per full-year resident taxpayer.⁴

DISABILITY RETIREMENT INCOME DEDUCTION

Taxpayers who are under the age of 65 and permanently disabled may exclude up to \$5,200 of disability retirement income from their Montana taxable income. The amount taxpayers may exclude is reduced by any amount by which their pre-exclusion adjusted gross income exceeds \$15,000. For 2019, this exclusion reduced income tax revenue to the general fund by \$1,243, or less than \$0.01 per full-year resident taxpayer.⁵

PARTIAL PENSION EXEMPTION

Taxpayers with Federal Adjusted Gross Income below a threshold have part of their pension income exempted from taxation. For tax year 2020 the maximum exemption amount was capped at \$4,370 per taxpayer. The exemption amount is reduced by \$2 for each \$1 in income the taxpayer has in excess of \$38,605 for tax year 2021. For 2019, this exclusion reduced income tax revenue to the general fund by \$4,259,649, or \$6.32 per full-year resident taxpayer.⁶

MONTANA EARNED INCOME TAX CREDIT

In most cases, individual taxpayers who claim the federal Earned Income Tax credit are also able to claim Montana's Earned Income Tax Credit. Montana's tax credit is equal to 3% of the federal credit and is fully refundable. The maximum Montana credit for tax year 2021 ranges between \$45 for taxpayers with no children and \$202 for taxpayers who have at least 3 qualified children or relatives. The cost of the credit was \$4,364,782 in Tax Year 2019, which is \$6.47 per full-year resident taxpayer.⁷

ELDERLY HOMEOWNER / RENTER TAX CREDIT

Taxpayers who are at least 62 years old and have a household income of less than \$45,000 may qualify for the state's Elderly Homeowner / Renter Credit. The credit refunds a portion of the property tax or rent a taxpayer paid during the year. The credit is reduced if the taxpayer's household income exceeds \$35,000 and is phased-out completely once the taxpayer's income reaches \$45,000. The maximum credit amount is \$1,150. For 2017, the Elderly Homeowner/Renter Credit cost the state general fund \$8,060,688, or \$11.95 per full-year resident taxpayer.⁸

³ Summary from [Department of Revenue memo](#)

⁴ [DOR 2019-2020 Biennial Report Tax Expenditures](#), P. 379

⁵ Id. P. 358

⁶ Id. P. 370

⁷ Id. P. 403

⁸ Id. P. 406

PROPERTY TAX PROVISIONS

PROPERTY TAX ASSISTANCE PROGRAM (PTAP)

Reduces property taxes for low-income households. Works by reducing the Class 4 tax rate by 80%, 50%, or 30%, depending on the income of the owners. To qualify for this program in Tax Year 2020, homeowners must report a household income below \$23,337 for one qualified homeowner and below \$31,116 for more than one qualified owner. The program applies to the first \$200,000 of the taxable market value of residential improvements and land. For example, in 2020, there were 22,650 property taxpayers who qualified for PTAP. The program reduced the taxable value of these properties by \$27.696 million, which reduced the state revenue collected with 95 school mills, 1.5 vo-tech mills, and the 6 university mills by \$2.814 million. Additionally, the reduction in taxable value increased local mills, effectively shifting \$15.725 million in taxes to other taxpayers. In 2020, PTAP participants paid a total of \$18.540 million less than they would have otherwise paid in taxes, an average benefit of \$819 per participant.⁹

DISABLED VETERAN ASSISTANCE PROGRAM

The Montana Disabled Veterans (MDV) Assistance Program reduces property taxes for disabled veterans. It reduces the residential Class 4 property tax rate by between 50% and 100% depending on the income level of the qualified veterans. The program applies to residential improvements and up to 5 acres of land. To qualify, the property must be the primary residence of a veteran that was honorably discharged and paid at the 100% disabled rate by the Department of Veteran Affairs. The spouse of a veteran killed while on active duty or who died from a service-connected disability also qualifies for the program. In 2020, participants of MDV paid \$5.123 million less in taxes because of this program, an average benefit of \$1,814.¹⁰

EMPLOYER TAX PROVISIONS

APPRENTICESHIP CREDIT

Individual and corporate income taxpayers are allowed a credit for employing an apprentice or veteran apprentice as a new employee in a state-registered apprenticeship training program. The credit is worth \$750 per approved apprentice or \$1,500 per approved veteran apprentice and may only be claimed for five years per apprentice. Established in 2017 with the passage of HB308 and effective January 1, 2018. Fewer than 10 corporate income taxpayers claimed the Apprenticeship Credit for Tax Year 2018.¹¹

TRADES EDUCATION AND TRAINING CREDIT

The Montana Trades Education and Training Credit provides a tax credit for the state's personal income tax and corporate income tax. The credit is equal to 50 percent of the training expenses paid by the business to an unrelated third-party for vocational, technical or trade profession training. The credit is capped at \$2,000 per employee with a cap of \$25,000 per employer. The credit is non-refundable and was created during the 2021 Legislative session through HB252.¹²

JOB GROWTH INCENTIVE TAX CREDIT

The Job Growth Incentive Credit provides a tax credit for the state's personal income tax and corporate income tax. The credit is based on the number of new qualified employees the business claiming the credit employed during the tax year. The size of the credit is equal to 50% of the total estimated taxes imposed on the taxpayer each year under the Federal Insurance Contributions Act multiplied by the number of qualifying employees. Among other requirements, qualifying employees must receive an annual wage of at least \$50,000. The credit is non-refundable and was created during the 2021 Legislative session through HB629.¹³

⁹ [DOR 2019-2020 Biennial Report Tax Expenditures](#), P. 447

¹⁰ Id. P. 448

¹¹ Id. P. 395

¹² House Bill 252: Non-refundable tax credit for employer-paid education of trade professions ([Ch. 248, 2021](#))

¹³ House Bill 629: Provide for job creation tax credits ([Ch. 550, 2021](#))

APPENDIX A: INCENTIVE PROGRAMS BY BENEFIT TYPE

Note that some programs are listed under multiple columns

Work	Medical	Housing/House	Children	Tax	Food	Cash Assistance	Elderly/Disabled
Apprenticeship Program	Medicaid, Medicaid Expansion	LIHEAP	Healthy Montana Kids	Work Opportunity Tax Credit Program	SNAP	TANF	SNAP
Incumbent Worker Training Program	Healthy Montana Kids	Weatherization	SNAP	Child & Dependent Care Deduction	WIC		LIHEAP
Work Opportunity Tax Credit Program	WIC	Property Tax Assistance Program	TANF	Disability Retirement Income Deduction			Weatherization
Help-Link Program	Help-Link Program	Disabled Veteran Assistance Program	WIC	Partial Pension Exemption			Disability Retirement Income Deduction
Child & Dependent Care Deduction			Best Beginnings	Montana Earned Income Tax Credit			Elderly Homeowner/Renter Tax Credit
			LIHEAP	Elderly Homeowner/Renter Tax Credit			
			Weatherization	Property Tax Assistance Program			
			Child & Dependent Care Deduction	Disabled Veteran Assistance Program			
			Montana Earned Income Tax Credit	Apprenticeship Credit			
				Trades Education & Training Credit			
				Job Growth Incentive Tax Credit			