

1 SENATE BILL NO. 122

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5

6 A BILL FOR AN ACT ENTITLED: "AN ACT ENSURING THE AVAILABILITY OF MONTANA AMMUNITION;
7 ENCOURAGING THE FORMATION OF BUSINESS IN MONTANA PRIMARILY ENGAGED IN THE
8 MANUFACTURE OF AMMUNITION COMPONENTS; PROVIDING EXEMPTIONS FROM PROPERTY TAXES;
9 ~~INDIVIDUAL INCOME TAXES, CORPORATE INCOME TAXES, AND OTHER BUSINESS-RELATED TAXES~~
10 ~~TO A MANUFACTURER OF AMMUNITION COMPONENTS; PROVIDING EXEMPTIONS FROM INDIVIDUAL~~
11 ~~INCOME TAXES AND CORPORATE INCOME TAXES TO AN INVESTOR OR LENDER THAT PROVIDES~~
12 ~~LOANS TO A MANUFACTURER OF AMMUNITION COMPONENTS; CLARIFYING THAT THE FIREARMS~~
13 ~~LIABILITY LAW APPLIES TO AMMUNITION COMPONENTS MANUFACTURED IN MONTANA; EXPANDING~~
14 ~~ECONOMIC DEVELOPMENT CRITERIA TO ENCOMPASS THE MANUFACTURE OF AMMUNITION~~
15 ~~COMPONENTS; AMENDING SECTIONS 15-6-219, 15-30-2110, 15-31-113, 27-1-720, 90-1-118, AND 90-1-202,~~
16 ~~MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AND AN APPLICABILITY DATES DATE, AND A~~
17 TERMINATION DATE."
18

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
20

21 NEW SECTION. **Section 1. Short title.** [Sections 1 through 7 6] may be cited as the "Montana
22 Ammunition Availability Act".
23

24 NEW SECTION. **Section 2. Legislative findings.** (1) In recognition that the people of Montana have
25 reserved to themselves the individual right to bear arms in Article II, section 12, of the Montana constitution, the
26 legislature finds that both this right and the firearms that the people possess are at serious risk if the people
27 cannot obtain ammunition for firearms. An adequate source of ammunition is an indivisible and essential part of
28 the right to bear arms. The people of Montana are totally dependent upon a very few manufacturers of smokeless
29 propellant, small arms primers, and cartridge cases located in other states for small arms ammunition used in
30 Montana.

1 (2) The legislature intends to encourage the manufacture of smokeless propellant, small arms primers,
 2 and cartridge cases within the borders of Montana to ensure availability of small arms ammunition for the people
 3 of Montana and to fully implement the right to bear arms that the people have reserved to themselves.

4
 5 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 7 6], the following definitions
 6 apply:

7 (1) "Ammunition components" means propellants, primers, and cartridge cases.

8 (2) "Black powder" means a propellant made from potassium or sodium nitrate, charcoal, and sulfur or
 9 a substitute for black powder made differently that is used for conventional small arms or antique or replica arms.

10 (3) "Cartridge cases" means the casings that contain and hold together the propellant, primer, and bullet,
 11 which may be formed from brass, aluminum, steel, plastic, or some combination of those or other materials.

12 (4) "Primary business" means a manufacturer in which more than one-half of its product produced is and
 13 more than one-half of its gross income comes from sales of ammunition components.

14 (5) "Propellant" includes smokeless propellant and black powder.

15 (6) "Small arms" means pistols, revolvers, rifles, shotguns, and other similar devices that are portable
 16 by one person, the possession and use of which are protected by Article II, section 12, of the Montana
 17 constitution.

18 (7) "Small arms primers" means the priming component for a round of ammunition intended for use in
 19 small arms that is usually made of a cup, an anvil, and a shock-sensitive chemical compound and is designed
 20 to ignite the propellant in an ammunition cartridge for conventional small arms.

21 (8) "Smokeless propellant" means a chemical substance designed to expel a projectile from small arms
 22 through burning and expansion at a quick but controlled burning rate.

23
 24 **NEW SECTION. Section 4. ~~Tax exemptions~~ PROPERTY TAX EXEMPTION for manufacturing of**
 25 **ammunition components -- conditions -- real property exemption applies to safety zone.** (1) A person or
 26 entity in this state engaged in the primary business of the manufacture of ammunition components that meets
 27 the conditions in subsections (2) through (4) is exempt from:

28 (a) property taxes levied for state educational purposes under 15-10-108, 20-9-331, 20-9-333, 20-9-360,
 29 and 20-25-439; AND

30 (b) business equipment tax levied pursuant to 15-6-138;

- 1 ~~—— (c) individual income taxes as provided in Title 15, chapter 30;~~
 2 ~~—— (d) corporate income or alternative corporate income taxes as provided in Title 15, chapter 31; and~~
 3 ~~—— (e) any other tax on business activity levied by the state, except:~~
 4 ~~—— (i) the local portion of property tax not exempt under subsection (1)(a); or~~
 5 ~~—— (ii) an employer's share of employee payroll taxes that are used to finance state-mandated programs,~~
 6 ~~including unemployment insurance and workers' compensation.~~

7 (2) A person or entity in this state engaged in the primary business of the manufacture of ammunition
 8 components is exempt from PROPERTY taxation as provided under subsection (1) if the person's or entity's
 9 business meets the following conditions:

10 (a) the products of the business are and remain available to commercial and individual consumers in
 11 the state;

12 (b) the business sells its products to in-state commercial and individual consumers for a price no greater
 13 than that for out-of-state purchasers, including any products that leave the state regardless of destination or
 14 purchaser; and

15 (c) the business does not enter into any agreement or contract that could actually or potentially command
 16 or commit all of its production to out-of-state consumers or interfere with or prohibit sales and provision of
 17 products to in-state consumers.

18 (3) The exemptions allowed under subsection (1) apply only to the property, ~~income,~~ and business
 19 activity attributable to the manufacture of ammunition components.

20 (4) The real property exemption allowed under subsection (1)(a) encompasses any property within 500
 21 yards of a structure used for the manufacture of ammunition components or of any structure used for storage of
 22 products manufactured onsite.

23
 24 ~~—— **NEW SECTION. Section 5. Tax exemptions for providing loans to manufacturer of ammunition**~~
 25 ~~**components — conditions.** (1) Subject to subsection (2), a lender or investor that provides loans to a person~~
 26 ~~or entity in this state engaged in the primary business of the manufacture of ammunition components under the~~
 27 ~~provisions of [section 4] is exempt from:~~

28 ~~—— (a) individual income taxes as provided in Title 15, chapter 30; and~~

29 ~~—— (b) corporate income or alternative corporate income taxes as provided in Title 15, chapter 31.~~

30 ~~—— (2) The exemption provided for in this section:~~

1 ~~_____ (a) does not apply to an employer's share of employee payroll taxes that are used to finance~~
 2 ~~state-mandated programs, including unemployment insurance and workers' compensation; and~~

3 ~~_____ (b) may be claimed only for income attributable to providing a bona fide loan in an arm's-length~~
 4 ~~transaction to a manufacturer of ammunition components that satisfies the conditions of [section 4].~~

5
 6 **NEW SECTION. Section 5. Tort liability.** The provisions of 27-1-720 apply to ammunition components
 7 manufactured in Montana.

8
 9 **NEW SECTION. Section 6. Economic development.** The establishment of a primary business is a
 10 qualified economic development purpose pursuant to ~~90-1-116~~ 90-1-117 through 90-1-119 and Title 90, chapter
 11 1, part 2.

12
 13 **Section 7.** Section 15-6-219, MCA, is amended to read:

14 **"15-6-219. Personal and other property exemptions.** The following categories of property are exempt
 15 from taxation:

16 (1) harness, saddlery, and other tack equipment;
 17 (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
 18 hand-held and that are used to:

19 (a) construct, repair, and maintain improvements to real property; or
 20 (b) repair and maintain machinery, equipment, appliances, or other personal property;
 21 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing
 22 machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes
 23 or for furnishing or equipping the family residence;

24 (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;
 25 (5) items of personal property intended for rent or lease in the ordinary course of business if each item
 26 of personal property satisfies all of the following:

27 (a) the acquired cost of the personal property is less than \$15,000;
 28 (b) the personal property is owned by a business whose primary business income is from rental or lease
 29 of personal property to individuals and no one customer of the business accounts for more than 10% of the total
 30 rentals or leases during a calendar year; and

1 (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly
2 basis;

3 (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,
4 launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and
5 launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that
6 are directly used for space vehicle design, manufacture, launch, repair, and maintenance; ~~and~~

7 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
8 33-25-105; and

9 (8) personal property used in the manufacture of ammunition components as provided in [section 4]."
10

11 NEW SECTION. Section 8. Manufacturer of ammunition components -- exemption from statewide
12 **property taxes.** As provided in [section 4], property used in the manufacture of ammunition components is
13 exempt from the property taxes levied for state educational purposes under 15-10-108, 20-9-331, 20-9-333,
14 20-9-360, and 20-25-439. The exemption must be administered and applied for as provided in [sections 1
15 through 7 6].
16

17 ~~Section 10.~~ Section 15-30-2110, MCA, is amended to read:

18 ~~"15-30-2110. Adjusted gross income. (1) Subject to subsection (13), adjusted gross income is the~~
19 ~~taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62,~~
20 ~~and in addition includes the following:~~

21 ~~(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other~~
22 ~~political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana~~
23 ~~under federal law;~~

24 ~~(ii) exempt interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.~~
25 ~~852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);~~

26 ~~(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a~~
27 ~~reduction of Montana income tax liability;~~

28 ~~(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue~~
29 ~~Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;~~

30 ~~(d) depreciation or amortization taken on a title plant as defined in 33-25-105;~~

- 1 ~~———(e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the~~
2 ~~amount recovered reduced the taxpayer's Montana income tax in the year deducted;~~
- 3 ~~———(f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of~~
4 ~~the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution~~
5 ~~of the same estate or trust for the same tax period; and~~
- 6 ~~———(g) except for exempt interest dividends described in subsection (2)(a)(ii), for tax years commencing after~~
7 ~~December 31, 2002, the amount of any dividend to the extent that the dividend is not included in federal adjusted~~
8 ~~gross income.~~
- 9 ~~———(2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not~~
10 ~~include the following, which are exempt from taxation under this chapter:~~
- 11 ~~———(a) (i) all interest income from obligations of the United States government, the state of Montana, or a~~
12 ~~county, municipality, district, or other political subdivision of the state and any other interest income that is exempt~~
13 ~~from taxation by Montana under federal law;~~
- 14 ~~———(ii) exempt interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.~~
15 ~~852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);~~
- 16 ~~———(b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including~~
17 ~~\$800 for a taxpayer filing a separate return and \$1,600 for each joint return;~~
- 18 ~~———(c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income~~
19 ~~received as defined in 15-30-2101;~~
- 20 ~~———(ii) for pension and annuity income described under subsection (2)(c)(i), as follows:~~
- 21 ~~———(A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total~~
22 ~~amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in~~
23 ~~excess of \$30,000 as shown on the taxpayer's return;~~
- 24 ~~———(B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity~~
25 ~~income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in~~
26 ~~subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000~~
27 ~~as shown on their joint return;~~
- 28 ~~———(d) all Montana income tax refunds or tax refund credits;~~
- 29 ~~———(e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);~~
- 30 ~~———(f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section~~

- 1 ~~3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January~~
2 ~~1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage,~~
3 ~~or lodging;~~
- 4 ~~———(g) all benefits received under the workers' compensation laws;~~
- 5 ~~———(h) all health insurance premiums paid by an employer for an employee if attributed as income to the~~
6 ~~employee under federal law, including premiums paid by the employer for an employee pursuant to 33-22-166;~~
- 7 ~~———(i) all money received because of a settlement agreement or judgment in a lawsuit brought against a~~
8 ~~manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";~~
- 9 ~~———(j) principal and income in a medical care savings account established in accordance with 15-61-201~~
10 ~~or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a~~
11 ~~dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;~~
- 12 ~~———(k) principal and income in a first-time home buyer savings account established in accordance with~~
13 ~~15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase~~
14 ~~of a single-family residence;~~
- 15 ~~———(l) contributions or earnings withdrawn from a family education savings account or from a qualified tuition~~
16 ~~program established and maintained by another state as provided by section 529(b)(1)(A)(ii) of the Internal~~
17 ~~Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified higher education expenses, as defined in 15-62-103, of~~
18 ~~a designated beneficiary;~~
- 19 ~~———(m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the~~
20 ~~recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;~~
- 21 ~~———(n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of~~
22 ~~the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution~~
23 ~~of the same estate or trust for the same tax period;~~
- 24 ~~———(o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch~~
25 ~~risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction~~
26 ~~is not provided for federal income tax purposes;~~
- 27 ~~———(p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant~~
28 ~~to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and~~
29 ~~taxpayer meet the filing requirements in 15-30-2602.~~
- 30 ~~———(q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or~~

1 ~~withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;~~
2 ~~—— (r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; and~~
3 ~~—— (s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in~~
4 ~~15-31-163;~~
5 ~~—— (t) income received from the manufacture of ammunition components by an entity, owner, or partner~~
6 ~~engaged in the primary business of the manufacture of ammunition as provided in [section 4]; and~~
7 ~~—— (u) income attributable to providing a bona fide loan in an arm's-length transaction to a manufacturer of~~
8 ~~ammunition components as provided in [section 5].~~
9 ~~—— (3) A shareholder of a DISC that is exempt from the corporate income tax under 15-31-102(1)(i) shall~~
10 ~~include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as~~
11 ~~provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election~~
12 ~~is effective.~~
13 ~~—— (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business~~
14 ~~deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and~~
15 ~~51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and~~
16 ~~salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries~~
17 ~~were used to compute the credit. In the case of a partnership or small business corporation, the deduction must~~
18 ~~be made to determine the amount of income or loss of the partnership or small business corporation.~~
19 ~~—— (5) Married taxpayers filing a joint federal return who are required to include part of their social security~~
20 ~~benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal~~
21 ~~base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement~~
22 ~~benefits when they file separate Montana income tax returns. The federal base must be split equally on the~~
23 ~~Montana return.~~
24 ~~—— (6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section~~
25 ~~1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may~~
26 ~~claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital~~
27 ~~loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss~~
28 ~~must be split equally on each return.~~
29 ~~—— (7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and~~
30 ~~who file separate Montana income tax returns are not required to recompute allowable passive losses according~~

1 to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal
2 Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must
3 be shown on that spouse's return; otherwise, the loss must be split equally on each return.

4 ~~———— (8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a~~
5 ~~deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C.~~
6 ~~219, and who file separate Montana income tax returns may claim the same amount of the deduction that is~~
7 ~~allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.~~

8 ~~———— (9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a~~
9 ~~qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate~~
10 ~~Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return.~~
11 ~~The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted~~
12 ~~gross income.~~

13 ~~———— (b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and~~
14 ~~related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana~~
15 ~~income tax returns may claim the same amount of the deduction that is allowed on the federal return. The~~
16 ~~deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross~~
17 ~~income.~~

18 ~~———— (10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end~~
19 ~~of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income~~
20 ~~up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is~~
21 ~~absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the~~
22 ~~excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the~~
23 ~~taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the~~
24 ~~limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted~~
25 ~~gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage~~
26 ~~in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting~~
27 ~~or expected to last at least 12 months.~~

28 ~~———— (11) (a) An individual who contributes to one or more accounts established under the Montana family~~
29 ~~education savings program or to a qualified tuition program established and maintained by another state as~~
30 ~~provided by section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce adjusted~~

1 gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each
2 spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses
3 may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The
4 reduction in adjusted gross income under this subsection applies only with respect to contributions to an account
5 of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the
6 taxpayer's child or stepchild is a Montana resident. The provisions of subsection (1)(e) do not apply with respect
7 to withdrawals of contributions that reduced adjusted gross income.

8 ~~———— (b) Contributions made pursuant to this subsection (11) are subject to the recapture tax provided in~~
9 ~~15-62-208.~~

10 ~~———— (12) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection~~
11 ~~(12)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:~~

12 ~~———— (i) is a health care professional licensed in Montana as provided in Title 37;~~

13 ~~———— (ii) is serving a significant portion of a designated geographic area, special population, or facility~~
14 ~~population in a federally designated health professional shortage area, a medically underserved area or~~
15 ~~population, or a federal nursing shortage county as determined by the secretary of health and human services~~
16 ~~or by the governor;~~

17 ~~———— (iii) has had a student loan incurred as a result of health-related education; and~~

18 ~~———— (iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment~~
19 ~~program described in subsection (12)(b) as an incentive to practice in Montana.~~

20 ~~———— (b) For the purposes of subsection (12)(a), a loan repayment program includes a federal, state, or~~
21 ~~qualified private program. A qualified private loan repayment program includes a licensed health care facility, as~~
22 ~~defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility~~
23 ~~as a licensed health care professional.~~

24 ~~———— (13) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40% of~~
25 ~~capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are~~
26 ~~determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.~~

27 ~~———— (14) By November 1 of each year, the department shall multiply the amount of pension and annuity~~
28 ~~income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii)~~
29 ~~by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results~~
30 ~~to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the~~

1 exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec.
 2 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

3
 4 ~~Section 11.~~ Section 15-31-113, MCA, is amended to read:
 5 ~~"15-31-113. Gross income and net income.~~ (1) The term "gross income" means all income recognized
 6 in determining the corporation's gross income for federal income tax purposes and:

7 ~~(a) including:~~
 8 ~~(i) interest exempt from federal income tax and exempt interest dividends as defined in section 852(b)(5)~~
 9 ~~of the Internal Revenue Code of 1986, as that section may be amended or renumbered;~~

10 ~~(ii) the portion of gain from a liquidation of the reporting corporation not recognized for federal corporate~~
 11 ~~income tax purposes pursuant to sections 331 through 337 of the Internal Revenue Code, as those sections may~~
 12 ~~be amended or renumbered, attributable to stockholders, either individual or corporate, not subject to Montana~~
 13 ~~income or corporate income tax under Title 15, chapter 30 or chapter 31, as appropriate, on the gain passing~~
 14 ~~through to the stockholders pursuant to federal law; and~~

15 ~~(b) excluding:~~
 16 ~~(i) gain recognized for federal tax purposes as a shareholder of a liquidating corporation pursuant to~~
 17 ~~sections 331 through 337 of the Internal Revenue Code, as those sections may be amended or renumbered,~~
 18 ~~when the gain is required to be recognized by the liquidating corporation pursuant to subsection (1)(a)(ii) of this~~
 19 ~~section;~~

20 ~~(ii) income received by a corporation from the manufacture of ammunition components if it is engaged~~
 21 ~~in the primary business of the manufacture of ammunition components as provided in [section 4]; and~~

22 ~~(iii) income received by a corporation that is attributable to providing bona fide loans in arm's-length~~
 23 ~~transactions to manufacturers of ammunition components as provided in [section 5].~~

24 ~~(2) The term "net income" means the gross income of the corporation less the deductions set forth in~~
 25 ~~15-31-114.~~

26 ~~(3) A corporation is not exempt from the corporate income tax unless specifically provided for under~~
 27 ~~15-31-101(3) or 15-31-102. Any corporation not subject to or liable for federal income tax but not exempt from~~
 28 ~~the corporate income tax under 15-31-101(3) or 15-31-102 shall compute gross income for corporate income tax~~
 29 ~~purposes in the same manner as a corporation that is subject to or liable for federal income tax according to the~~
 30 ~~provisions for determining gross income in the federal Internal Revenue Code in effect for the taxable tax year."~~

1

2 **Section 9.** Section 27-1-720, MCA, is amended to read:

3 "**27-1-720. Liability -- defect in design of firearms or ammunition.** (1) In a products liability action,
4 no firearm, ~~ammunition component that was manufactured in Montana as provided in section 41,~~ or ammunition
5 may be considered defective in design on the basis that the benefits of the product do not outweigh the risk of
6 injury posed by its potential to cause serious injury, damage, or death when discharged.

7 (2) For purposes of this section:

8 (a) the potential of a firearm or ammunition to cause serious injury, damage, or death when discharged
9 does not make the product defective in design; and

10 (b) injuries or damages resulting from the discharge of a firearm or ammunition are not proximately
11 caused by its potential to cause serious injury, damage, or death but are proximately caused by the actual
12 discharge of the product.

13 (3) The provisions of this section do not affect a products liability cause of action based upon the
14 improper selection of design alternatives."

15

16 **Section 10.** Section 90-1-118, MCA, is amended to read:

17 "**90-1-118. Small business eligibility criteria.** (1) To be eligible for a state matching grant under
18 90-1-117 through 90-1-119, a business shall provide evidence to the department of commerce that the business
19 meets all of the following criteria:

20 ~~(1)~~(a) the business is a for-profit sole proprietorship, partnership, limited liability company, limited liability
21 partnership, or corporation registered with the secretary of state under Title 35 and has its principal place of
22 business in this state;

23 ~~(2)~~(b) the business has received a phase I award under a small business innovative research grant or
24 small business technology transfer grant from a participating federal agency in response to a specific federal
25 solicitation;

26 ~~(3)~~(c) the business meets all federal eligibility requirements for a small business innovative research
27 grant or a small business technology transfer grant;

28 ~~(4)~~(d) the business is not concurrently receiving funding from other state funding programs that duplicate
29 the purpose stated in 90-1-117;

30 ~~(5)~~(e) the business certifies that at least 51% of the research described in the business's proposal for

1 phase II funding under a small business innovative research grant or small business technology transfer grant
 2 is to be conducted in this state and that the business will remain a Montana-based business for the duration of
 3 a phase II project under a small business innovative research grant or small business technology transfer grant;
 4 and

5 ~~(6)~~(f) the business demonstrates an ability to conduct research for the business's phase II proposal under
 6 the small business innovative research grant or small business technology transfer grant.

7 (2) As provided in [section 7 6], manufacturing ammunition components is a qualified economic
 8 development purpose."

9

10 **Section 11.** Section 90-1-202, MCA, is amended to read:

11 **"90-1-202. Purpose.** (1) The legislature finds and declares that economic development is a public
 12 purpose. The purpose of the big sky economic development program is to assist in economic development for
 13 Montana that will:

14 ~~(1)~~(a) create good-paying jobs for Montana residents;

15 ~~(2)~~(b) promote long-term, stable economic growth in Montana;

16 ~~(3)~~(c) encourage local economic development organizations;

17 ~~(4)~~(d) create partnerships between the state, local governments, tribal governments, and local economic
 18 development organizations that are interested in pursuing these same economic development goals;

19 ~~(5)~~(e) retain or expand existing businesses;

20 ~~(6)~~(f) provide a better life for future generations through greater economic growth and prosperity in
 21 Montana; and

22 ~~(7)~~(g) encourage workforce development, including workforce training and job creation, in high-poverty
 23 counties by providing targeted assistance.

24 (2) As provided in [section 7 6], manufacturing ammunition components is a qualified economic
 25 development purpose."

26

27 **NEW SECTION. Section 12. Codification instruction.** (1) [Sections 1 through 7 6] are intended to be
 28 codified as an integral part of Title 30, chapter 20, and the provisions of Title 30, chapter 20, apply to [sections
 29 1 through 7 6].

30 (2) [Section 9 8] is intended to be codified as an integral part of Title 15, chapter 24, and the provisions

1 of Title 15, chapter 24, apply to [section 9 8].

2

3 NEW SECTION. Section 13. Severability. If a part of [this act] is invalid, all valid parts that are
4 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
5 the part remains in effect in all valid applications that are severable from the invalid applications.

6

7 NEW SECTION. Section 14. Effective date. [This act] is effective on passage and approval.

8

9 NEW SECTION. Section 15. ~~Retroactive applicability -- applicability~~ APPLICABILITY. (1) For the
10 purposes of exemption from individual income taxes and corporate income taxes pursuant to [sections 4 and 5],
11 [this act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2014.
12 ~~———— (2) For the purposes of exemption from all other taxes, [this act] [THISACT] applies to tax years beginning~~
13 after December 31, 2015.

14

15 NEW SECTION. SECTION 16. TERMINATION. [SECTIONS 4, 7, AND 8] TERMINATE DECEMBER 31, 2024.

16

- END -