SENATE BILL NO. 536

INTRODUCED BY G. HERTZ

A BILL FOR AN ACT ENTITLED: “AN ACT REVISING THE CONTRACTOR'S GROSS RECEIPTS TAX; PROVIDING AN EXEMPTION FROM THE TAX FOR CERTAIN INDIVIDUALS AND BUSINESSES THAT ARE IN GOOD STANDING; REQUIRING AN APPLICATION TO RECEIVE THE EXEMPTION; PROVIDING A DEFINITION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-50-101, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE.”

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

NEW SECTION. **Section 1. Exemption -- compliance with state tax laws considered -- rulemaking.** (1) Subject to subsection (2), an individual who is a resident of the state or a business that is licensed and in good standing in the state is eligible for an exemption from the provisions of this chapter if the individual or business is in full compliance with all state income tax, payroll tax, and property tax obligations.

(2) The department shall publish a list of individuals and businesses on the department's website that satisfy the provisions of subsection (1) on an application of the individual or business. An individual or business that is listed on the department's website is exempt from the provisions of this chapter.

(3) The department may adopt rules to ensure the accuracy of exemption requirements, including rules that provide reasonable deadlines to submit an initial application and any renewals.

(4) For the purpose of this section, the term "compliance" means all required state tax forms, tax returns, and tax statements were filed on or before the statutory deadline, including any valid extensions, and all state taxes and wage withholdings were paid on or before the statutory time for payment.

Section 2. Section 15-50-101, MCA, is amended to read:

"**15-50-101. Definitions.** As used in this chapter, the following definitions apply:

(1) "Department" means the department of revenue as provided in 2-15-1301.

(2) "Gross receipts" means all receipts from sources within the state, whether in the form of

money, credits, or other valuable consideration, received from, engaging in, or conducting a business, without deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, taxes, losses, or any other expense whatsoever. However, gross receipts does not include cash discounts allowed and taken on sales and sales refunds, either in cash or by credit, uncollectible accounts written off from time to time, or payments received in final liquidation of accounts included in the gross receipts of any previous return made by the person.

(3) (a) "Public contractor" means any person who submits a proposal to perform or enters into a contract for performing public construction work in the state with the federal government or state of Montana; with any board, commission, or department of the state; with any board of county commissioners, any city or town council, or any agency of any of them; or with any other public board, body, commission, or agency authorized to let or award contracts for any public work when the contract cost, value, or price exceeds the sum of $80,000.

(b) The term ~~public contractor~~ includes subcontractors undertaking to perform work covered by the original contract or any part of the contract when the contract cost, value, or price exceeds the sum of $80,000.

(c) The term does not include a person or business that is exempt from this chapter pursuant to [section 1(2)]."

NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 50, part 1, and the provisions of Title 15, chapter 50, part 1, apply to [section 1].

NEW SECTION. **Section 4. Effective date.** [This act] is effective January 1, 2026.

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