

1 SENATE BILL NO. 253

2 INTRODUCED BY G. HERTZ

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CONTRACTOR'S GROSS RECEIPTS TAX;  
5 INCREASING THE AMOUNT OF THE EXEMPTION IN THE DEFINITION OF A PUBLIC CONTRACTOR;  
6 ~~REVISING CREDIT USAGE;~~ REVISING CREDIT USAGE; AMENDING SECTION ~~SECTIONS~~ SECTION  
7 SECTIONS 15-50-101, ~~AND 15-50-207,~~ AND 15-50-207, MCA; AND PROVIDING AN IMMEDIATE  
8 EFFECTIVE DATE AND AN APPLICABILITY DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 **Section 1.** Section 15-50-101, MCA, is amended to read:

13 **"15-50-101. Definitions.** As used in this chapter, the following definitions apply:

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

15 (2) "Gross receipts" means all receipts from sources within the state, whether in the form of  
16 money, credits, or other valuable consideration, received from, engaging in, or conducting a business, without  
17 deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost,  
18 interest paid, taxes, losses, or any other expense whatsoever. However, gross receipts does not include cash  
19 discounts allowed and taken on sales and sales refunds, either in cash or by credit, uncollectible accounts  
20 written off from time to time, or payments received in final liquidation of accounts included in the gross receipts  
21 of any previous return made by the person.

22 (3) (a) "Public contractor" means any person who submits a proposal to perform or enters into a  
23 contract for performing public construction work in the state with the federal government or state of Montana;  
24 with any board, commission, or department of the state; with any board of county commissioners, any city or  
25 town council, or any agency of any of them; or with any other public board, body, commission, or agency  
26 authorized to let or award contracts for any public work when the contract cost, value, or price exceeds the sum  
27 of \$5,000 \$80,000.

28 (b) The term public contractor includes subcontractors undertaking to perform work covered by the

1 original contract or any part of the contract when the contract cost, value, or price exceeds the sum of \$5,000  
2 \$80,000."

3

4 **SECTION 2. SECTION 15-50-207, MCA, IS AMENDED TO READ:**

5 **~~"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1)~~**

6 ~~(a) The additional license fees withheld or otherwise paid as provided in this chapter may be used as a credit~~  
7 ~~on the contractor's corporate income tax provided for in chapter 31 of this title or on the contractor's income tax~~  
8 ~~provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of~~  
9 ~~the state.~~

10 ~~(b) — The credit allowed under this subsection (1) may be used as a carryforward against taxes~~  
11 ~~imposed by chapter 30 or 31 for the 5 succeeding tax years. The entire amount of the credit not used in the~~  
12 ~~year earned must be carried first to the earliest tax year in which the credit may be applied and then to each~~  
13 ~~succeeding tax year.~~

14 ~~(2) — Personal property taxes and, 2% of wages paid in Montana during the tax year for construction~~  
15 ~~projects subject to the public contractor's gross receipts tax, as provided in 15-50-205, the fee in lieu of tax on~~  
16 ~~buses, trucks having a manufacturer's rated capacity of more than 1 ton, or truck tractors, as provided in 61-3-~~  
17 ~~529, and the registration fee on light vehicles, as provided in 61-3-321(2) and 61-3-562, paid in Montana on any~~  
18 ~~personal property or vehicle of the contractor that is used in the business of the contractor and is located within~~  
19 ~~this state may be credited against the license fees required under this chapter. However, in computing the tax~~  
20 ~~credit allowed by this section against the contractor's income tax or corporate income tax, the tax credit against~~  
21 ~~the license fees required under this chapter may not be considered as license fees paid for the purpose of the~~  
22 ~~income tax or corporate income tax credit. "~~

23

24 **Section 2. Section 15-50-207, MCA, is amended to read:**

25 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1)**

26 (a) The additional license fees withheld or otherwise paid as provided in this chapter may be used as a credit  
27 on the contractor's corporate income tax provided for in chapter 31 of this title or on the contractor's income tax  
28 provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of

1 the state.

2 (b) The credit allowed under this subsection (1) may be used as a carryforward against taxes  
3 imposed by chapter 30 or 31 for the 5 succeeding tax years. The entire amount of the credit not used in the  
4 year earned must be carried first to the earliest tax year in which the credit may be applied and then to each  
5 succeeding tax year.

6 (2) Personal property taxes ~~and, 2% of wages paid to a Montana resident during the tax year for~~  
7 construction projects subject to the public contractor's gross receipts tax, as provided in 15-50-205, the fee in  
8 lieu of tax on buses, trucks having a manufacturer's rated capacity of more than 1 ton, or truck tractors, as  
9 provided in 61-3-529, and the registration fee on light vehicles, as provided in 61-3-321(2) and 61-3-562, paid in  
10 Montana on any personal property or vehicle of the contractor that is used in the business of the contractor and  
11 is located within this state may be credited against the license fees required under this chapter. However, in  
12 computing the tax credit allowed by this section against the contractor's income tax or corporate income tax, the  
13 tax credit against the license fees required under this chapter may not be considered as license fees paid for  
14 the purpose of the income tax or corporate income tax credit."

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16 NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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18 NEW SECTION. Section 4. Applicability. [This act] applies to any public contract entered into on or  
19 after [the effective date of this act].

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