

HOUSE BILL NO. 779

INTRODUCED BY E. BUTCHER

A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 16, OF THE MONTANA CONSTITUTION ESTABLISHING A RETAIL SALES AND USE TAX WITH A BASE REFUNDABLE AMOUNT; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Article VIII, section 16, of The Constitution of the State of Montana is amended to read:

"Section 16. ~~Limitation on~~ Retail sales of goods subject to sales tax or use tax -- limitation on rates. (1) (a) Retail sales of goods, the use of goods purchased in another state, and sales of real property are subject to a sales tax or use tax at a rate not to exceed that specified in this section.

(b) The wholesale of goods to be sold by a purchaser for resale and goods sold to be used directly as a component of finished manufactured goods are not retail sales.

(c) Corporate stocks, bonds, security, insurance premiums, wages, salaries, and similar financial documents or transactions are not goods and are not subject to any type of transaction tax.

(d) Sales to entities that may not be taxed under the constitution or laws of the United States are not subject to the sales tax or use tax.

(2) The legislature shall establish a rebate of sales tax or use tax paid in an annualized amount equal to not less than the amount of sales tax or use tax that would have been collected on purchases equal to not less than 15% of the per capita personal income for the state in the year preceding the income tax year for which the rebate is claimed. The rebate shall be administered through the income tax system. The rebate may consist of a refundable amount for eligible claimants who are legal residents of the state and who do not have taxable income or who have an income tax liability that is less than the allowable rebate.

(3) The rate of a general statewide sales tax or use tax may not exceed 4%."

NEW SECTION. Section 2. Effective date. If approved by the electorate, this amendment is effective January 1, 2007.

