

1 HOUSE BILL NO. 468

2 INTRODUCED BY A. DOANE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ENSURING THE AVAILABILITY OF MONTANA AMMUNITION;
5 ENCOURAGING THE FORMATION OF BUSINESS IN MONTANA PRIMARILY ENGAGED IN THE
6 MANUFACTURE OF AMMUNITION COMPONENTS; PROVIDING EXEMPTIONS FROM PROPERTY TAXES,
7 INDIVIDUAL INCOME TAXES, CORPORATION LICENSE TAXES, AND OTHER BUSINESS-RELATED TAXES
8 TO A MANUFACTURER OF AMMUNITION COMPONENTS; PROVIDING EXEMPTIONS FROM INDIVIDUAL
9 INCOME TAXES AND CORPORATE LICENSE TAXES TO AN INVESTOR OR LENDER THAT PROVIDES
10 LOANS TO A MANUFACTURER OF AMMUNITION COMPONENTS; CLARIFYING THAT THE FIREARMS
11 LIABILITY LAW APPLIES TO AMMUNITION COMPONENTS MANUFACTURED IN MONTANA; LIMITING
12 FEDERAL REGULATION OF AMMUNITION CHEMICALS; EXPANDING ECONOMIC DEVELOPMENT
13 CRITERIA TO ENCOMPASS THE MANUFACTURE OF AMMUNITION COMPONENTS; AMENDING SECTIONS
14 15-6-219, 15-30-2110, 15-31-113, 27-1-720, 90-1-118, AND 90-1-202, MCA; AND PROVIDING AN IMMEDIATE
15 EFFECTIVE DATE AND APPLICABILITY DATES."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Montana
20 Ammunition Availability Act".

21
22 NEW SECTION. **Section 2. Legislative findings.** (1) In recognition that the people of Montana have
23 reserved to themselves the individual right to bear arms in Article II, section 12, of the Montana constitution, the
24 legislature finds that both this right and the firearms that the people possess are at serious risk if the people
25 cannot obtain ammunition for firearms. An adequate source of ammunition is an indivisible and essential part of
26 the right to bear arms. The people of Montana are totally dependent upon a very few manufacturers of smokeless
27 propellant, small arms primers, and cartridge cases located in other states for small arms ammunition used in
28 Montana.

29 (2) The legislature intends to encourage the manufacture of smokeless propellant, small arms primers,
30 and cartridge cases within the borders of Montana to ensure availability of small arms ammunition for the people

1 of Montana and to fully implement the right to bear arms that the people have reserved to themselves.

2

3 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 8], the following definitions

4 apply:

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

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

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

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

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

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

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

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

21

22 **NEW SECTION. Section 4. Tax exemptions for manufacturing of ammunition components --**

23 **conditions.** (1) A person or entity in this state engaged in the primary business of the manufacture of ammunition
24 components that meets the conditions in subsections (2) and (3) is exempt from:

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

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

28 (c) individual income taxes as provided in Title 15, chapter 30;

29 (d) corporate license or income tax as provided in Title 15, chapter 31; and

30 (e) any other tax on business activity levied by the state, except:

- 1 (i) the local portion of property tax not exempt under subsection (1)(a); or
 2 (ii) an employer's share of employee payroll taxes that are used to finance state-mandated programs,
 3 including unemployment insurance and workers' compensation.

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

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

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

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

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

17
 18 **NEW SECTION. Section 5. Tax exemptions for providing loans to manufacturer of ammunition**
 19 **components -- conditions.** (1) Subject to subsection (2), a lender or investor that provides loans to a person
 20 or entity in this state engaged in the primary business of the manufacture of ammunition components under the
 21 provisions of [section 4] is exempt from:

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

23 (b) corporate license or income tax as provided in Title 15, chapter 31.

24 (2) The exemption provided for in this section:

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

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

29
 30 **NEW SECTION. Section 6. Tort liability.** The provisions of 27-1-720 apply to ammunition components

1 manufactured in Montana.

2

3 NEW SECTION. **Section 7. Economic development.** The establishment of a primary business is a
4 qualified economic development purpose pursuant to 90-1-116 through 90-1-119 and Title 90, chapter 1, part 2.

5

6 NEW SECTION. **Section 8. Regulation of chemicals.** Pursuant to the legislative declarations of
7 authority set forth in 30-20-102, only Montana and the department of environmental quality may regulate the
8 chemicals used to manufacture ammunition components, and any use of those chemicals for those purposes may
9 not be regulated in the state by any agency of the United States.

10

11 **Section 9.** Section 15-6-219, MCA, is amended to read:

12 **"15-6-219. Personal and other property exemptions.** The following categories of property are exempt
13 from taxation:

14 (1) harness, saddlery, and other tack equipment;

15 (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
16 hand-held and that are used to:

17 (a) construct, repair, and maintain improvements to real property; or

18 (b) repair and maintain machinery, equipment, appliances, or other personal property;

19 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing
20 machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes
21 or for furnishing or equipping the family residence;

22 (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;

23 (5) items of personal property intended for rent or lease in the ordinary course of business if each item
24 of personal property satisfies all of the following:

25 (a) the acquired cost of the personal property is less than \$15,000;

26 (b) the personal property is owned by a business whose primary business income is from rental or lease
27 of personal property to individuals and no one customer of the business accounts for more than 10% of the total
28 rentals or leases during a calendar year; and

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

- 1 (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,
 2 launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and
 3 launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that
 4 are directly used for space vehicle design, manufacture, launch, repair, and maintenance; ~~and~~
 5 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
 6 33-25-105; and
 7 (8) property used in the manufacture of ammunition components as provided in [section 4]."
 8

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

15 **Section 11.** Section 15-30-2110, MCA, is amended to read:

16 **"15-30-2110. Adjusted gross income.** (1) Subject to subsection (13), adjusted gross income is the
 17 taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62,
 18 and in addition includes the following:

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

22 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
 23 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

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

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

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

29 (e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the
 30 amount recovered reduced the taxpayer's Montana income tax in the year deducted;

1 (f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of
2 the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution
3 of the same estate or trust for the same tax period; and

4 (g) except for exempt-interest dividends described in subsection (2)(a)(ii), for tax years commencing after
5 December 31, 2002, the amount of any dividend to the extent that the dividend is not included in federal adjusted
6 gross income.

7 (2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not
8 include the following, which are exempt from taxation under this chapter:

9 (a) (i) all interest income from obligations of the United States government, the state of Montana, or a
10 county, municipality, district, or other political subdivision of the state and any other interest income that is exempt
11 from taxation by Montana under federal law;

12 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
13 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

14 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including
15 \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

16 (c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income
17 received as defined in 15-30-2101;

18 (ii) for pension and annuity income described under subsection (2)(c)(i), as follows:

19 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
20 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
21 excess of \$30,000 as shown on the taxpayer's return;

22 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
23 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in
24 subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000
25 as shown on their joint return;

26 (d) all Montana income tax refunds or tax refund credits;

27 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

28 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section
29 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January
30 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage,

- 1 or lodging;
- 2 (g) all benefits received under the workers' compensation laws;
- 3 (h) all health insurance premiums paid by an employer for an employee if attributed as income to the
4 employee under federal law;
- 5 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against a
6 manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";
- 7 (j) principal and income in a medical care savings account established in accordance with 15-61-201
8 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a
9 dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;
- 10 (k) principal and income in a first-time home buyer savings account established in accordance with
11 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase
12 of a single-family residence;
- 13 (l) contributions withdrawn from a family education savings account or earnings withdrawn from a family
14 education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated
15 beneficiary;
- 16 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
17 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;
- 18 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
19 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
20 of the same estate or trust for the same tax period;
- 21 (o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch
22 risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction
23 is not provided for federal income tax purposes;
- 24 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant
25 to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and
26 taxpayer meet the filing requirements in 15-30-2602.
- 27 (q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or
28 withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;
- 29 (r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; ~~and~~
- 30 (s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in

1 15-31-163;

2 (t) income received from the manufacture of ammunition components by an entity, owner, or partner
3 engaged in the primary business of the manufacture of ammunition as provided in [section 4]; and

4 (u) income attributable to providing a bona fide loan in an arm's-length transaction to a manufacturer of
5 ammunition components as provided in [section 5].

6 (3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l) shall
7 include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as
8 provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election
9 is effective.

10 (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business
11 deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and
12 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
13 salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries
14 were used to compute the credit. In the case of a partnership or small business corporation, the deduction must
15 be made to determine the amount of income or loss of the partnership or small business corporation.

16 (5) Married taxpayers filing a joint federal return who are required to include part of their social security
17 benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal
18 base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement
19 benefits when they file separate Montana income tax returns. The federal base must be split equally on the
20 Montana return.

21 (6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section
22 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may
23 claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital
24 loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss
25 must be split equally on each return.

26 (7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and
27 who file separate Montana income tax returns are not required to recompute allowable passive losses according
28 to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal
29 Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must
30 be shown on that spouse's return; otherwise, the loss must be split equally on each return.

1 (8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a
2 deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C.
3 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is
4 allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

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

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

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

25 (11) An individual who contributes to one or more accounts established under the Montana family
26 education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the
27 contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for
28 the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made
29 by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection
30 applies only with respect to contributions to an account of which the account owner, as defined in 15-62-103, is

1 the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a
2 Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions
3 that reduced adjusted gross income.

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

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

7 (ii) is serving a significant portion of a designated geographic area, special population, or facility
8 population in a federally designated health professional shortage area, a medically underserved area or
9 population, or a federal nursing shortage county as determined by the secretary of health and human services
10 or by the governor;

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

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

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

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

21 (14) By November 1 of each year, the department shall multiply the amount of pension and annuity
22 income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii)
23 by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results
24 to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the
25 exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec.
26 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

27

28 **Section 12.** Section 15-31-113, MCA, is amended to read:

29 **"15-31-113. Gross income and net income.** (1) The term "gross income" means all income recognized
30 in determining the corporation's gross income for federal income tax purposes and:

1 (a) including:

2 (i) interest exempt from federal income tax and exempt-interest dividends as defined in section 852(b)(5)
3 of the Internal Revenue Code of 1986, as that section may be amended or renumbered;

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

9 (b) excluding:

10 (i) gain recognized for federal tax purposes as a shareholder of a liquidating corporation pursuant to
11 sections 331 through 337 of the Internal Revenue Code, as those sections may be amended or renumbered,
12 when the gain is required to be recognized by the liquidating corporation pursuant to subsection (1)(a)(ii) of this
13 section;

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

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

18 (2) The term "net income" means the gross income of the corporation less the deductions set forth in
19 15-31-114.

20 (3) A corporation is not exempt from the corporation license tax unless specifically provided for under
21 15-31-101(3) or 15-31-102. Any corporation not subject to or liable for federal income tax but not exempt from
22 the corporation license tax under 15-31-101(3) or 15-31-102 shall compute gross income for corporation license
23 tax purposes in the same manner as a corporation that is subject to or liable for federal income tax according to
24 the provisions for determining gross income in the federal Internal Revenue Code in effect for the taxable year."
25

26 **Section 13.** Section 27-1-720, MCA, is amended to read:

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

1 (2) For purposes of this section:

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

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

7 (3) The provisions of this section do not affect a products liability cause of action based upon the
8 improper selection of design alternatives."
9

10 **Section 14.** Section 90-1-118, MCA, is amended to read:

11 **"90-1-118. Small business eligibility criteria.** (1) To be eligible for a state matching grant under
12 90-1-117 through 90-1-119, a business shall provide evidence to the department of commerce that the business
13 meets all of the following criteria:

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

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

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

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

24 ~~(5)~~(e) the business certifies that at least 51% of the research described in the business's proposal for
25 phase II funding under a small business innovative research grant or small business technology transfer grant
26 is to be conducted in this state and that the business will remain a Montana-based business for the duration of
27 a phase II project under a small business innovative research grant or small business technology transfer grant;
28 and

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

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

3

4 **Section 15.** Section 90-1-202, MCA, is amended to read:

5 **"90-1-202. Purpose.** ~~(1)~~ The legislature finds and declares that economic development is a public
 6 purpose. The purpose of the big sky economic development program is to assist in economic development for
 7 Montana that will:

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

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

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

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

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

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

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

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

20

21 NEW SECTION. Section 16. Codification instruction. (1) [Sections 1 through 8] are intended to be
 22 codified as an integral part of Title 30, chapter 20, and the provisions of Title 30, chapter 20, apply to [sections
 23 1 through 8].

24 (2) [Section 10] is intended to be codified as an integral part of Title 15, chapter 24, and the provisions
 25 of Title 15, chapter 24, apply to [section 10].

26

27 NEW SECTION. Section 17. Severability. If a part of [this act] is invalid, all valid parts that are
 28 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
 29 the part remains in effect in all valid applications that are severable from the invalid applications.

30

1 NEW SECTION. **Section 18. Effective date.** [This act] is effective on passage and approval.

2

3 NEW SECTION. **Section 19. Retroactive applicability -- applicability.** (1) For the purposes of
4 exemption from individual income taxes and corporation taxes pursuant to [sections 4 and 5], [this act] applies
5 retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2012.

6 (2) For the purposes of exemption from all other taxes, [this act] applies to tax years beginning after
7 December 31, 2013.

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- END -