

1 SENATE BILL NO. 371

2 INTRODUCED BY D. LEWIS

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 APPLYING THE FIREARMS LIABILITY LAW TO AMMUNITION; LIMITING FEDERAL REGULATION OF
9 AMMUNITION CHEMICALS; EXPANDING ECONOMIC DEVELOPMENT CRITERIA TO ENCOMPASS THE
10 MANUFACTURE OF AMMUNITION COMPONENTS; AMENDING SECTIONS 15-6-219, 15-30-2110, 15-31-113,
11 27-1-720, 90-1-118, AND 90-1-202, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
12 APPLICABILITY DATES."

13

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

15

16 NEW SECTION. **Section 1. Short title.** [Sections 1 through 7] may be cited as the "Montana
17 Ammunition Availability Act".

18

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

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

29

30 NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 7], the following definitions

1 apply:

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

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

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

7 (4) "Primary business" means a manufacturer in which more than one-half of its product produced is and
8 more than one-half of its gross income comes from sales of smokeless propellant, small arms primers, cartridge
9 cases, or any combination of those items.

10 (5) "Propellant" includes smokeless propellant or black powder or black powder substitutes.

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

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

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

19

20 **NEW SECTION. Section 4. Tax exemptions -- period -- conditions.** (1) A person or entity in this state
21 engaged in the primary business of the manufacture of ammunition components that meets the conditions in
22 subsection (2) is exempt from:

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

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

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

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

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

29 (i) the local portion of property tax not exempt under subsection (1)(a); or

30 (ii) an employer's share of employee payroll taxes that are used to finance state-mandated programs,

1 including unemployment insurance and workers' compensation.

2 (2) A person or entity in this state engaged in the primary business of the manufacture of ammunition
3 components is exempt from taxation as provided under subsection (1) until December 31, 2030, if the person's
4 or entity's business meets the following conditions:

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

7 (b) in-state commercial and individual consumers have priority over out-of-state consumers for access
8 to the products of the business;

9 (c) 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 (d) 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
16 **NEW SECTION. Section 5. Tort liability.** The provisions of 27-1-720 apply to propellants, small arms
17 primers, and cartridge cases manufactured in Montana.

18
19 **NEW SECTION. Section 6. Economic development.** The establishment or manufacture of propellant
20 and small arms primers is a qualified economic development purpose pursuant to 90-1-116 through 90-1-119 and
21 Title 90, chapter 1, part 2.

22
23 **NEW SECTION. Section 7. Regulation of chemicals.** Pursuant to the legislative declarations of
24 authority set forth in 30-20-102, only Montana and the department of environmental quality may regulate the
25 chemicals used to manufacture propellants, small arms primers, and cartridge cases, and any use of those
26 chemicals for those purposes may not be regulated in the state by any agency of the United States.

27
28 **Section 8.** Section 15-6-219, MCA, is amended to read:

29 **"15-6-219. Personal and other property exemptions.** The following categories of property are exempt
30 from taxation:

- 1 (1) harness, saddlery, and other tack equipment;
- 2 (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
3 hand-held and that are used to:
- 4 (a) construct, repair, and maintain improvements to real property; or
- 5 (b) repair and maintain machinery, equipment, appliances, or other personal property;
- 6 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing
7 machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes
8 or for furnishing or equipping the family residence;
- 9 (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;
- 10 (5) items of personal property intended for rent or lease in the ordinary course of business if each item
11 of personal property satisfies all of the following:
- 12 (a) the acquired cost of the personal property is less than \$15,000;
- 13 (b) the personal property is owned by a business whose primary business income is from rental or lease
14 of personal property to individuals and no one customer of the business accounts for more than 10% of the total
15 rentals or leases during a calendar year; and
- 16 (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly
17 basis;
- 18 (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,
19 launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and
20 launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that
21 are directly used for space vehicle design, manufacture, launch, repair, and maintenance; ~~and~~
- 22 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
23 33-25-105; and
- 24 (8) property used in the manufacture of ammunition components as provided in [section 4]."
- 25

26 **NEW SECTION. Section 9. Manufacturer of ammunition components -- exemption from statewide**
27 **property taxes.** As provided in [section 4], property used in the manufacture of ammunition components is
28 exempt from the property taxes levied for state educational purposes under 15-10-108, 20-9-331, 20-9-333,
29 20-9-360, and 20-25-439. The exemption must be administered and applied for as provided in [sections 1
30 through 7].

1

2 **Section 10.** Section 15-30-2110, MCA, is amended to read:

3 **"15-30-2110. Adjusted gross income.** (1) Subject to subsection (13), adjusted gross income is the
4 taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62,
5 and in addition includes the following:

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

9 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
10 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

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

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

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

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

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

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

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

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

29 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C.
30 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

- 1 (b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including
2 \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;
- 3 (c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income
4 received as defined in 15-30-2101;
- 5 (ii) for pension and annuity income described under subsection (2)(c)(i), as follows:
- 6 (A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total
7 amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in
8 excess of \$30,000 as shown on the taxpayer's return;
- 9 (B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity
10 income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in
11 subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000
12 as shown on their joint return;
- 13 (d) all Montana income tax refunds or tax refund credits;
- 14 (e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);
- 15 (f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section
16 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January
17 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage,
18 or lodging;
- 19 (g) all benefits received under the workers' compensation laws;
- 20 (h) all health insurance premiums paid by an employer for an employee if attributed as income to the
21 employee under federal law;
- 22 (i) all money received because of a settlement agreement or judgment in a lawsuit brought against a
23 manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";
- 24 (j) principal and income in a medical care savings account established in accordance with 15-61-201
25 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a
26 dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;
- 27 (k) principal and income in a first-time home buyer savings account established in accordance with
28 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase
29 of a single-family residence;
- 30 (l) contributions withdrawn from a family education savings account or earnings withdrawn from a family

1 education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated
2 beneficiary;

3 (m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the
4 recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

5 (n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of
6 the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution
7 of the same estate or trust for the same tax period;

8 (o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch
9 risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction
10 is not provided for federal income tax purposes;

11 (p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant
12 to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and
13 taxpayer meet the filing requirements in 15-30-2602.

14 (q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or
15 withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303;

16 (r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; ~~and~~

17 (s) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in
18 15-31-163; and

19 (t) income received from the manufacture of ammunition components by an owner, partner, or manager
20 engaged in the primary business of the manufacture of ammunition as provided in [section 4].

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

25 (4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business
26 deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and
27 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
28 salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries
29 were used to compute the credit. In the case of a partnership or small business corporation, the deduction must
30 be made to determine the amount of income or loss of the partnership or small business corporation.

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

6 (6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section
7 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may
8 claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital
9 loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss
10 must be split equally on each return.

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

16 (8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a
17 deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C.
18 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is
19 allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

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

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

30 (10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end

1 of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income
2 up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is
3 absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the
4 excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the
5 taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the
6 limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted
7 gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage
8 in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting
9 or expected to last at least 12 months.

10 (11) An individual who contributes to one or more accounts established under the Montana family
11 education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the
12 contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for
13 the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made
14 by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection
15 applies only with respect to contributions to an account of which the account owner, as defined in 15-62-103, is
16 the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a
17 Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions
18 that reduced adjusted gross income.

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

21 (i) is a health care professional licensed in Montana as provided in Title 37;
22 (ii) is serving a significant portion of a designated geographic area, special population, or facility
23 population in a federally designated health professional shortage area, a medically underserved area or
24 population, or a federal nursing shortage county as determined by the secretary of health and human services
25 or by the governor;

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

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

29 (b) For the purposes of subsection (12)(a), a loan repayment program includes a federal, state, or
30 qualified private program. A qualified private loan repayment program includes a licensed health care facility, as

1 defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility
2 as a licensed health care professional.

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

6 (14) By November 1 of each year, the department shall multiply the amount of pension and annuity
7 income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii)
8 by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results
9 to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the
10 exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec.
11 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

12

13 **Section 11.** Section 15-31-113, MCA, is amended to read:

14 **"15-31-113. Gross income and net income.** (1) The term "gross income" means all income recognized
15 in determining the corporation's gross income for federal income tax purposes and:

16 (a) including:

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

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

24 (b) excluding:

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

29 (ii) income received by a corporation from the manufacture of ammunition components if it is engaged
30 in the primary business of the manufacture of ammunition as provided in [section 4].

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

3 (3) A corporation is not exempt from the corporation license tax unless specifically provided for under
4 15-31-101(3) or 15-31-102. Any corporation not subject to or liable for federal income tax but not exempt from
5 the corporation license tax under 15-31-101(3) or 15-31-102 shall compute gross income for corporation license
6 tax purposes in the same manner as a corporation that is subject to or liable for federal income tax according to
7 the provisions for determining gross income in the federal Internal Revenue Code in effect for the taxable year."
8

9 **Section 12.** Section 27-1-720, MCA, is amended to read:

10 **"27-1-720. Liability -- defect in design of firearms or ammunition.** (1) In a products liability action,
11 no firearm, ammunition component that was manufactured in Montana as provided in [section 5], or ammunition
12 may be considered defective in design on the basis that the benefits of the product do not outweigh the risk of
13 injury posed by its potential to cause serious injury, damage, or death when discharged.

14 (2) For purposes of this section:

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

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

20 (3) The provisions of this section do not affect a products liability cause of action based upon the
21 improper selection of design alternatives."
22

23 **Section 13.** Section 90-1-118, MCA, is amended to read:

24 **"90-1-118. Small business eligibility criteria.** (1) To be eligible for a state matching grant under
25 90-1-117 through 90-1-119, a business shall provide evidence to the department of commerce that the business
26 meets all of the following criteria:

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

30 ~~(2)~~(b) the business has received a phase I award under a small business innovative research grant or

1 small business technology transfer grant from a participating federal agency in response to a specific federal
2 solicitation;

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

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

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

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

14 (2) As provided in [section 6], the establishment or manufacture of propellant and small arms primers
15 is a qualified economic development purpose."

16

17 **Section 14.** Section 90-1-202, MCA, is amended to read:

18 **"90-1-202. Purpose.** (1) The legislature finds and declares that economic development is a public
19 purpose. The purpose of the big sky economic development program is to assist in economic development for
20 Montana that will:

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

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

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

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

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

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

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

