

SENATE BILL NO. 124

INTRODUCED BY G. HERTZ

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING APPORTIONMENT OF INCOME FOR PURPOSES OF MONTANA'S CORPORATE INCOME TAX; ADOPTING A SINGLE-SALES FACTOR APPORTIONMENT MODEL FOR PURPOSES OF MONTANA'S CORPORATE INCOME TAX; AMENDING SECTIONS 15-1-601, 15-30-2104, 15-30-3313, 15-31-122, 15-31-310, 15-31-311, 15-31-312, 15-31-403, AND 15-31-406, MCA; REPEALING SECTIONS 15-31-306, 15-31-307, 15-31-308, AND 15-31-309, MCA; AND PROVIDING ~~AN IMMEDIATE EFFECTIVE~~ A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-1-601, MCA, is amended to read:

"15-1-601. Compact adopted -- text. The Multistate Tax Compact is enacted into law and entered into with all jurisdictions legally joining in the compact, in the form substantially as set forth in this section. Article VIII of the Multistate Tax Compact relating to interstate audits is specifically adopted.

Article I. Purposes

The purposes of this compact are to:

- (1) facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes;
- (2) promote uniformity or compatibility in significant components of tax systems;
- (3) facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration;
- (4) avoid duplicative taxation.

Article II. Definitions

As used in this compact:

- (1) "capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety;

1 The gross volume of sales made in Montana during the taxable year shall be determined according to Article
2 IV, sections 46 11 and 47 12, of the ~~Multistate Tax Compact~~ 15-1-601."

3

4 **Section 9.** Section 15-31-406, MCA, is amended to read:

5 **"15-31-406. Corporate income tax sections incorporated by reference.** The provisions of the
6 following sections of this chapter are incorporated into this part by reference and made a part of this part:

7 (1) that part of 15-31-101 that defines the term "corporation" and 15-31-102, which specifies the
8 classes of organizations whose income may not be taxed;

9 (2) sections 15-31-111 through 15-31-114, 15-31-117 through 15-31-119, 15-31-141, 15-31-142,
10 15-31-301 through 15-31-305, 15-31-310 through 15-31-313, 15-31-501 through 15-31-506, 15-31-509, 15-31-
11 511, 15-31-525, 15-31-526, 15-31-531, 15-31-532, 15-31-541, and 15-31-543, except that the term "gross
12 income" must be construed as excluding the net amount of interest income from valid obligations of the United
13 States and except that wherever the words "tax", "corporate income tax", "license tax", "license fee",
14 "corporation excise tax", or similar words appear, referring to the tax imposed under part 1 of this chapter, there
15 is substituted the words "alternative corporate income tax"."

16

17 NEW SECTION. **Section 10. Repealer.** The following sections of the Montana Code Annotated are
18 repealed:

- 19 15-31-306. Definition of property factor.
- 20 15-31-307. Values used for property factor.
- 21 15-31-308. Definition of payroll factor.
- 22 15-31-309. Payroll factor for compensation in this state.

23

24 NEW SECTION. **Section 11. Effective date.** [This act] is effective ~~on passage and approval~~ January
25 1, 2025.

26

27 NEW SECTION. **Section 12. Applicability.** [This act] applies to tax years beginning after ~~June 30,~~
28 2023 December 31, 2024.