

1 Senate BILL NO. 111  
2 INTRODUCED BY Dumble

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE RATE OF  
5 THE CORPORATION LICENSE TAX TO SIX AND ONE-EIGHTH PERCENT (6  
6 1/8%); AMENDING SECTION 84-1501, R.C.M. 1947."

7  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 84-1501, R.C.M. 1947, is amended to  
10 read as follows:

11 "84-1501. Corporation license tax--organizations  
12 exempt therefrom--alternative tax based on gross sales. The  
13 term corporation includes associations, joint-stock  
14 companies, common-law trusts and business trusts which do  
15 business in an organized capacity, and all other  
16 corporations whether created, organized or existing under  
17 and pursuant to the laws, agreements, or declarations of  
18 trust of any state, country, or the United States. Every  
19 corporation, except as hereinafter provided and except as  
20 provided in section 40-2821 (5), R.C.M. 1947, engaged in  
21 business in the state of Montana shall annually pay to the  
22 state treasurer as a license fee for the privilege of  
23 carrying on business in this state such percentage or  
24 percentages of its total net income for the preceding year  
25 at the rate hereinafter set forth. In the case of

1 corporations having income from business activity which is  
2 taxable both within and without this state, the license fee  
3 shall be measured by the net income derived from or  
4 attributable to Montana sources as determined under section  
5 84-1503.

6 The percentage of net income to be paid under this  
7 section shall be six and ~~three-quarters-per-cent-(6-3/4%)~~  
8 one-eighth percent (6 1/8%) of all net income for the  
9 taxable period. The rate set forth in this act shall be  
10 effective for all taxable years ending on or after February  
11 28, 1971. This rate is retroactive to and effective for all  
12 taxable years ending on or after February 28, 1971. Every  
13 corporation subject to taxation under this act shall, in any  
14 event, pay a minimum tax of not less than fifty dollars  
15 (\$50).

16 Pursuant to the provisions of article III, section 2,  
17 of the Multistate Tax Compact (Title 84, chapter 67, R.C.M.  
18 1947) every corporation deriving income from sources both  
19 within and without the state of Montana and required to file  
20 a return and whose only activity in Montana consists of  
21 making sales and which does not own or rent real estate or  
22 tangible personal property within Montana and whose annual  
23 gross volume of sales made in Montana during the taxable  
24 year does not exceed one hundred thousand dollars  
25 (\$100,000), may elect to pay a tax of one-half of one

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1 percent (0.5%) of gross sales made in Montana during the  
 2 taxable year. Such tax shall be in lieu of the tax otherwise  
 3 imposed under this section. The gross volume of sales made  
 4 in Montana during the taxable year shall be determined  
 5 according to the provisions of article IV, sections 16 and  
 6 17, of the Multistate Tax Compact.

7 There shall not be taxed under this Title any income  
 8 received by any--

9 (a). Labor, agricultural or horticultural  
 10 organization;

11 (b). Fraternal beneficiary, society, order or  
 12 association operating under the lodge system or for the  
 13 exclusive benefit of the members of a fraternity itself  
 14 operating under the lodge system, and providing for the  
 15 payment of life, sick, accident or other benefits to the  
 16 members of such society, order or association or their  
 17 dependents;

18 (c). Cemetery company owned and operated exclusively  
 19 for the benefit of its members;

20 (d). Corporation or association organized and operated  
 21 exclusively for religious, charitable, scientific or  
 22 educational purposes, no part of the net income of which  
 23 inures to the benefit of any private stockholder or  
 24 individual;

25 (e). Business league, chamber of commerce, or board of

1 trade, not organized for profit, and no part of the net  
 2 income of which inures to the benefit of any private  
 3 stockholder or individual;

4 (f). Civic league or organization not organized for  
 5 profit, but operated exclusively for the promotion of social  
 6 welfare;

7 (g). Club organized and operated exclusively for  
 8 pleasure, recreation and other nonprofitable purposes, no  
 9 part of the net income of which inures to the benefit of any  
 10 private stockholder or members;

11 (h). Farmers' or other mutual hail, cyclone or fire  
 12 insurance company, mutual ditch or irrigation company,  
 13 mutual or co-operative telephone company, or like  
 14 organization of a purely local character, the income of  
 15 which consists solely of assessments, dues and fees  
 16 collected from members for the sole purpose of meeting its  
 17 expenses;

18 (i). Any co-operative association or corporation  
 19 engaged in the business of operating a rural electrification  
 20 system or systems for the transmission or distribution of  
 21 electrical energy on a co-operative basis;

22 (j). Corporations or associations organized for the  
 23 exclusive purpose of holding title to property, collecting  
 24 income therefrom, and turning over the entire amount  
 25 thereof, less expenses, to an organization which itself is

1 exempt from the tax imposed by this Title;

2 (k). In determining the license fee to be paid under  
3 this act, there shall not be included any earnings derived  
4 from any public utility managed or operated by any  
5 subdivision of the state, or from the exercise of any  
6 governmental function."

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