

CHAPTER NO. 674

HOUSE BILL NO. 770

INTRODUCED BY FEDA, BURNETT, MARKS, VINGER,
HAND, NATHE, LUND, QUILICI

IN THE HOUSE

February 13, 1979	Introduced and referred to Committee on Taxation.
March 12, 1979	Committee recommend bill do pass as amended. Report adopted.
March 14, 1979	Printed and placed on members' desks.
March 15, 1979	Second reading, do pass.
March 16, 1979	Considered correctly engrossed.
March 17, 1979	Third reading, passed. Transmitted to second house.

IN THE SENATE

March 19, 1979	Introduced and referred to Committee on Taxation.
April 10, 1979	Committee recommend bill be concurred in as amended. Report adopted.
April 11, 1979	Motion pass consideration.
April 12, 1979	Second reading, concurred in.
April 13, 1979	Third reading, concurred in as amended.

IN THE HOUSE

April 16, 1979	Returned from second house. Concurred in as amended.
----------------	---

April 18, 1979

Second reading, amendments
adopted.

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 *House BILL NO. 770*
2 INTRODUCED BY *Richie Burnett of Missoula*
3 *Chair, Hand. NATHE fund Lawmen*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE,
5 LOCAL GOVERNMENT UNITS, AND MONTANA CORPORATIONS TO APPLY
6 FOR THE RIGHT TO OPERATE FOREIGN-TRADE ZONES UNDER THE LAWS
7 OF THE UNITED STATES; PROVIDING JURISDICTIONAL GUIDELINES
8 FOR FOREIGN-TRADE ZONES; AND EXEMPTING CERTAIN GOODS WITHIN
9 FOREIGN-TRADE ZONES FROM TAXATION."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Authority to establish, operate, and
13 maintain a foreign-trade zone. (1) The state of Montana, a
14 local government unit, or a corporation organized in Montana
15 for the purpose of operating a foreign-trade zone in Montana
16 may apply for the right to and, if the right is granted,
17 establish, operate, and maintain a foreign-trade zone under
18 19 USC 81a through 19 USC 81u.

19 (2) The governing body of a local government unit may
20 contract with a corporation to operate and maintain a
21 foreign-trade zone that the local government unit has been
22 granted the right to establish, operate, and maintain.

23 (3) Any activity authorized by the United States to be
24 conducted within a foreign-trade zone may be conducted
25 within a foreign-trade zone operated by a local government

1 unit or Montana corporation under this section.
2 Section 2. Compliance with state licenses and permits
3 -- exception. Goods may be held within a foreign-trade zone
4 exclusive of any license, permit, or regulation of the state
5 or any political subdivision of the state. Such goods may
6 be sold or traded subject to the laws of the United States.
7 Section 3. Jurisdiction. The state of Montana reserves
8 jurisdiction in a foreign-trade zone in all civil and
9 criminal matters except those related to customs, diversity
10 suits with the requisite amount in controversy, or suits
11 involving a federal question.

12 Section 4. Foreign-trade zone goods exemption. All
13 goods held in a foreign-trade zone that originated from out
14 of state or are destined for out-of-state ports are exempt
15 from taxation.

-End-

STATE OF MONTANA

REQUEST NO. 508-79

FISCAL NOTE

Form BD-15

* In compliance with a written request received March 26, 19 79, there is hereby submitted a Fiscal Note for House Bill 770 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

* Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This proposed bill would authorize the state, local government units, and Montana corporations to apply for the right to operate foreign-trade zones under the laws of the United States; providing jurisdictional guidelines for foreign-trade zones; and exempting certain goods within foreign-trade zones from Inventory Taxation.

FISCAL IMPACT

There are no data available to estimate the fiscal impact of this proposal.

(Prepared by the Department of Revenue)

Richard A. Thompson
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3/27/79

Approved by Committee
on Taxation

1 HOUSE BILL NO. 770

2 INTRODUCED BY FEDA, BURNETT, MARKS, VINGER,
3 HAND, NATHE, LUND, JUILICI

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE,
6 LOCAL GOVERNMENT UNITS, AND MONTANA CORPORATIONS TO APPLY
7 FOR THE RIGHT TO OPERATE FOREIGN-TRADE ZONES UNDER THE LAWS
8 OF THE UNITED STATES; PROVIDING JURISDICTIONAL GUIDELINES
9 FOR FOREIGN-TRADE ZONES; AND EXEMPTING CERTAIN GOODS WITHIN
10 FOREIGN-TRADE ZONES FROM INVENTORY TAXATION."

11

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

13 Section 1. Authority to establish, operate, and
14 maintain a foreign-trade zone. (1) The state of Montana, a
15 local government unit, or a PRIVATE OR PUBLIC corporation
16 organized in Montana for the purpose of operating a
17 foreign-trade zone in Montana may apply for the right to
18 and, if the right is granted, establish, operate, and
19 maintain a foreign-trade zone under 19 USC 81a through 19
20 USC 81u.

21 (2) The governing body of a local government unit may
22 contract with a PRIVATE OR PUBLIC corporation to operate and
23 maintain a foreign-trade zone that the local government unit
24 has been granted the right to establish, operate, and
25 maintain.

1 (3) Any activity authorized by the United States to be
2 conducted within a foreign-trade zone may be conducted
3 within a foreign-trade zone operated by a local government
4 unit or Montana corporation under this section.

5 Section 2. Compliance with state licenses and permits
6 -- exception. Goods may be held within a foreign-trade zone
7 exclusive of any license, permit, or regulation of the state
8 or any political subdivision of the state. Such goods may
9 be sold or traded subject to the laws of the United States.

10 Section 3. Jurisdiction. The state of Montana reserves
11 jurisdiction in a foreign-trade zone in all civil and
12 criminal matters except those related to customs, diversity
13 suits with the requisite amount in controversy, or suits
14 involving a federal question.

15 Section 4. Foreign-trade zone goods exemption. All
16 goods held in a foreign-trade zone that originated from out
17 of state or are destined for out-of-state ports are exempt
18 from INVENTORY taxation.

-End-

HOUSE BILL NO. 770
INTRODUCED BY FEDA, BURNETT, MARKS, VINGER,
HAND, NATHE, LUND, QUILICI

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE,
6 LOCAL GOVERNMENT UNITS, AND MONTANA CORPORATIONS TO APPLY
7 FOR THE RIGHT TO OPERATE FOREIGN-TRADE ZONES UNDER THE LAWS
8 OF THE UNITED STATES; PROVIDING JURISDICTIONAL GUIDELINES
9 FOR FOREIGN-TRADE ZONES; AND EXEMPTING CERTAIN GOODS WITHIN
10 FOREIGN-TRADE ZONES FROM INVENTORY TAXATION."

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

13 Section 1. Authority to establish, operate, and
14 maintain a foreign-trade zone. (1) The state of Montana, a
15 local government unit, or a PRIVATE OR PUBLIC corporation
16 organized in Montana for the purpose of operating a
17 foreign-trade zone in Montana may apply for the right to
18 and, if the right is granted, establish, operate, and
19 maintain a foreign-trade zone under 19 USC 81a through 19
20 USC 81u.

21 (2) The governing body of a local government unit may
22 contract with a PRIVATE OR PUBLIC corporation to operate and
23 maintain a foreign-trade zone that the local government unit
24 has been granted the right to establish, operate, and
25 maintain.

5 Section 2. Compliance with state licenses and permits
6 -- exception. Goods may be held within a foreign-trade zone
7 exclusive of any license, permit, or regulation of the state
8 or any political subdivision of the state. Such goods may
9 be sold or traded subject to the laws of the United States.

10 Section 3. **Jurisdiction.** The state of Montana reserves
11 jurisdiction in a foreign-trade zone in all civil and
12 criminal matters except those related to customs, diversity
13 suits with the requisite amount in controversy, or suits
14 involving a federal question.

15 Section 4. Foreign-trade zone goods exemption. All
16 goods held in a foreign-trade zone that originated from out
17 of state or are destined for out-of-state ports are exempt
18 from INVENTORY taxation.

-End-

1 **HOUSE BILL NO. 770**

2 INTRODUCED BY FEDA, BURNETT, MARKS, VINGER,
3 HAND, NATHE, LUND, QUILICI

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE STATE,
6 LOCAL GOVERNMENT UNITS, AND MONTANA CORPORATIONS TO APPLY
7 FOR THE RIGHT TO OPERATE FOREIGN-TRADE ZONES UNDER THE LAWS
8 OF THE UNITED STATES; PROVIDING JURISDICTIONAL GUIDELINES
9 FOR FOREIGN-TRADE ZONES; AND EXEMPTING--CERTAIN--GOODS
10 CLARIFYING TAXATION WITHIN FOREIGN-TRADE ZONES--FROM
11 INVENTORY-TAXATION."

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

14 Section 1. Authority to establish, operate, and
15 maintain a foreign-trade zone. (1) The state of Montana, a
16 local government unit, or a PRIVATE OR PUBLIC corporation
17 organized in Montana for the purpose of operating a
18 foreign-trade zone in Montana may apply for the right to
19 and, if the right is granted, establish, operate, and
20 maintain a foreign-trade zone under 19 USC 81a through 19
21 USC 81u.

22 (2) The governing body of a local government unit may
23 contract with a PRIVATE OR PUBLIC corporation to operate and
24 maintain a foreign-trade zone that the local government unit
25 has been granted the right to establish, operate, and

1 maintain.

6 Section 2. Compliance with state licenses and permits
7 -- exception. Goods may be held within a foreign-trade zone
8 exclusive of any license, permit, or regulation of the state
9 or any political subdivision of the state. Such goods may
10 be sold or traded subject to the laws of the United States.

11 Section 3. Jurisdiction. The state of Montana reserves
12 jurisdiction in a foreign-trade zone in all civil and
13 criminal matters except those related to customs, diversity
14 suits with the requisite amount in controversy, or suits
15 involving a federal question.

22 121 PRIVATE OR PUBLIC CORPORATIONS OPERATING
23 FOREIGN TRADE ZONES ARE SUBJECT TO ALL TAXES IMPOSED UPON
24 THEM UNDER THE PROVISIONS OF TITLE 15.

-End-

April 10, 1979

SENATE STANDING COMMITTEE REPORT
(Taxation)

That House Bill No. 770, third reading bill, be amended as follows:

1. Title, line 9.

Following: "AND"

Strike: "EXEMPTING CERTAIN GOODS"

Insert: "CLARIFYING TAXATION"

2. Title, line 10.

Following: "ZONES"

Strike: "FROM INVENTORY TAXATION"

3. Page 2, line 15.

Following: "Section 4."

Strike: "Foreign-trade zone"

Insert: "Corporations operating foreign-trade zones and their"

Following: "goods"

Strike: "exemption."

Insert: "subject to taxation. (1)"

4. Page 2, lines 16 through 18.

Following: "zone"

Strike: "that originated from out of state or are destined for
out-of-state ports are exempt from"

Insert: "are subject to"

5. Page 2.

Following: line 18

Insert: "(2) Private or public corporations operating foreign-
trade zones are subject to all taxes imposed upon them under
the provisions of Title 15."