

House Bill 768

In The House

February 14, 1981

Introduced and referred
to Committee on Taxation.

April 23, 1981

Died in Committee.

1 HOUSE BILL NO. 768
2 INTRODUCED BY Waldron

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPLACE LOCAL
5 GOVERNMENT PROPERTY TAXATION OF BUSINESS INVENTORIES WITH A
6 WORK PRIVILEGE TAX OR AN INCOME TAX."

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

9 Section 1. Replacement of inventory tax with payroll
10 or income tax. (1) A local government may replace the
11 taxation of business inventories with a tax on work
12 privilege or income, as provided in this section.

13 (2) If a local government is to cease taxing business
14 inventories, it shall impose a tax on work privilege or
15 income. The taxation replacement shall be by resolution of
16 the local government governing body. The resolution shall
17 provide that:

18 (a) all business inventory property as defined in
19 15-6-136 that is taxable by the local government shall be
20 segregated as a separate taxable class and the local
21 government mill levy to be assessed against such property is
22 0; and

23 (b) there is imposed within the taxing jurisdiction of
24 the local government one of the following taxes:

25 (i) a work privilege tax not to exceed \$5 a month per

1 employee, to be imposed upon an employee whose place of work
2 is located within the boundaries of the local government; or
3 (ii) an income tax not to exceed 20% of the total state
4 income tax collected from an individual or business, to be
5 imposed on a business and its employees located within the
6 boundaries of the local government and upon persons residing
7 within the local government who are employed outside the
8 local government.

9 (3) The collection of a work privilege or income tax
10 shall be administered by the department of revenue in the
11 same manner as it collects state revenues from businesses
12 and individuals. The local government shall contract with
13 the department of revenue for administration of tax
14 collection, including collection and receipt dates,
15 reporting, and refunding. The contract shall provide for the
16 reporting of names and addresses of taxpayers by the local
17 government and help by the department of revenue in
18 identifying potential taxpayers for the local government.
19 The contract shall provide for a payment to the department
20 of revenue for its services.

21 (4) Funds collected from a local government work
22 privilege or income tax shall be deposited in a local
23 government fund to be known as the option tax fund and may
24 be used as other local government general revenues are used.

-End-

-2- INTRODUCED BILL

HB 768