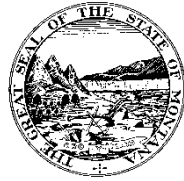




**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

## Memorandum

To: Director Kadas

From: Rose Bender

Date: September 21, 2017

Subject: Small Business Impact Statement re. Ch. 26 Business Tax Law Changes and HB 511, MAR 42-2-985

New rule I follows the passage of House Bill (HB) 511 in the 2017 legislative session which required corporate income taxpayers to use a market sourcing approach to sourcing receipts from sales other than sales of tangible personal property, for purposes of the receipts apportionment factor. Any impacts to small businesses are the result of the passage of HB 511 and not from the proposed rule.

New rule II follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

New rule III follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

New rule IV follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

New rule V follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

New rule VI follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

New rule VII changes the way the department administers the corporate income tax regarding unitary multistate taxpayers whose Montana activity is reflected through multiple entities. As unitary multistate taxpayers with multiple entities are not what the department would consider small businesses, this rule is not expected to impact small businesses.

The proposed changes to ARM 42.26.201 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.202 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.203 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.204 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.205 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.206 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.207 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.208 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.210 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.229 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.230 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.231 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.232 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.236 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.241 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.251 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.252 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.253 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.254 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.255 are in conjunction with the adoption of new rule VII and the proposed repeal of ARM 42.26.511. These changes affect unitary multistate taxpayers with multiple entities. Unitary multistate taxpayers with multiple entities are not what the department considers small businesses. Thus, this change is not expected to impact small businesses.

The proposed changes to ARM 42.26.257 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.259 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.263 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed change to ARM 42.26.302 replaces an incorrect ARM reference and is not expected to affect small businesses.

The proposed change to ARM 42.26.307 follows the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.308 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.309 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.312 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.401 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.602 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.605 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.606 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.702 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.704 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.705 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.802 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.805 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.807 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.902 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.903 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.904 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.905 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1002 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1003 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1102 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1103 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1202 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed changes to ARM 42.26.1204 follow the passage of HB 511 in the 2017 legislative session. Any impacts to small businesses are the result of the passage of this bill and not the proposed rule.

The proposed repeal of ARM 42.26.511 is in conjunction with the proposed adoption of new rule VII and amendment of ARM 42.26.255. It is in regards to unitary multistate taxpayers whose Montana activity is reflected through multiple entities. As unitary multistate taxpayers with multiple entities are not what the department would consider small businesses, this rule is not expected to impact small businesses.