

SENATE BILL 294

Introduced by Doherty, et al.

2/06	Introduced
2/07	Referred to Taxation
2/07	First Reading
2/19	Hearing
2/19	Tabled in Committee

1 Senate BILL NO. 294
 2 INTRODUCED BY D. Hestey [Signature]

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL
 5 GOVERNMENT TO IMPOSE A LOCAL OPTION TAX UNDER THE LODGING
 6 FACILITY USE TAX; PROVIDING FOR THE DISTRIBUTION AND USE OF
 7 THE TAX PROCEEDS; AMENDING SECTIONS 15-65-111, 15-65-121,
 8 AND 15-65-131, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 **Section 1.** Section 15-65-111, MCA, is amended to read:

12 "15-65-111. Tax rate -- local option lodging facility
 13 use tax. (1) There is imposed on the user of a facility a
 14 tax at a rate equal to 4% of the accommodation charge
 15 collected by the facility.

16 (2) (a) Subject to the provisions of [section 2], a
 17 local government may impose on the user of a facility within
 18 its jurisdiction a local option lodging facility use tax at
 19 a rate not to exceed 2% of the accommodation charge
 20 collected by the facility.

21 (b) After conducting a public hearing, a local
 22 government may, before July 1 of the fiscal year, impose a
 23 local option lodging facility use tax effective for that
 24 fiscal year.

25 (c) The local government shall establish the

1 procedures, rules, and penalties necessary for the efficient
 2 administration of the tax.

3 ~~(2)~~(3) Accommodation charges do not include charges for
 4 rooms used for purposes other than lodging."

5 NEW SECTION. Section 2. Distribution of local option
 6 lodging facility use tax proceeds. (1) The local government
 7 may retain up to 2% of the proceeds from the tax imposed by
 8 15-65-111(2)(a) for the costs of administering the tax.

9 (2) If a county imposes a local option lodging facility
 10 use tax, the proceeds must be:

11 (a) distributed to the municipality in which the tax
 12 was collected; or

13 (b) retained by the county if the tax was collected in
 14 an unincorporated area of the county.

15 (3) A municipality may impose a local option lodging
 16 facility use tax only if it is in a county that does not
 17 impose a facility tax. All proceeds must be retained by the
 18 municipality that imposes the tax.

19 (4) The revenue received under subsection (2) or (3)
 20 must be used for the purchase, construction, or maintenance
 21 of tourism-related facilities in a local area.

22 **Section 3.** Section 15-65-121, MCA, is amended to read:

23 "15 65 121. Distribution of tax proceeds -- general
 24 fund loan authority. (1) The proceeds of the tax imposed by
 25 15-65-111(1) must be deposited in an account in the state

1 special revenue fund to the credit of the department of
 2 revenue. The department may spend from that account in
 3 accordance with an expenditure appropriation by the
 4 legislature based on an estimate of the costs of collecting
 5 and disbursing the proceeds of the tax. Before allocating
 6 the balance of the tax proceeds as provided in subsections
 7 (1)(a) through (1)(c), the department shall determine the
 8 expenditures by state agencies for in-state lodging for each
 9 reporting period and deduct 4% of that amount from the tax
 10 proceeds received each reporting period. The amount deducted
 11 must be deposited in the general fund. The balance of the
 12 tax proceeds received each reporting period and not deducted
 13 pursuant to the expenditure appropriation or deposited in
 14 the general fund is statutorily appropriated, as provided in
 15 17-7-502, and must be transferred to an account in the state
 16 special revenue fund to the credit of the department of
 17 commerce for tourism promotion and promotion of the state as
 18 a location for the production of motion pictures and
 19 television commercials, to the Montana historical society,
 20 and to the university system, as follows:

21 (a) 1% to the Montana historical society to be used for
 22 the installation or maintenance of roadside historical signs
 23 and historic sites;

24 (b) 2.5% to the university system for the establishment
 25 and maintenance of a Montana travel research program; and

1 (c) the balance of the proceeds as follows:

2 (i) 75% to be used directly by the department of
 3 commerce;

4 (ii) except as provided in subsection (1)(c)(iii), 25%
 5 to be distributed by the department to regional nonprofit
 6 tourism corporations in the ratio of the proceeds collected
 7 in each tourism region to the total proceeds collected
 8 statewide;

9 (iii) if 25% of the proceeds collected annually within
 10 the limits of a city or consolidated city-county exceeds
 11 \$35,000, 50% of the amount available for distribution to the
 12 regional nonprofit tourism corporation in the region where
 13 the city or consolidated city-county is located is to be
 14 distributed to the nonprofit convention and visitors bureau
 15 in that city or consolidated city-county.

16 (2) If a city or consolidated city-county qualifies
 17 under this section for funds but fails to either recognize a
 18 nonprofit convention and visitors bureau or submit and gain
 19 approval for an annual marketing plan as required in
 20 15-65-122, then those funds must be allocated to the
 21 regional nonprofit tourism corporation in the region in
 22 which the city or consolidated city-county is located.

23 (3) If a regional nonprofit tourism corporation fails
 24 to submit and gain approval for an annual marketing plan as
 25 required in 15-65-122, then those funds otherwise allocated

1 to the regional nonprofit tourism corporation may be used by
2 the department of commerce for tourism promotion and
3 promotion of the state as a location for the production of
4 motion pictures and television commercials.

5 (4) The department of commerce may use general fund
6 loans for efficient implementation of this section."

7 **Section 4.** Section 15-65-131, MCA, is amended to read:

8 "15-65-131. State agencies to account for in-state
9 lodging expenditures. Each state agency shall account for
10 in-state lodging expenditures in a manner that will enable
11 the department of revenue to determine total expenditures
12 for in-state lodging by state agencies in order to make an
13 allocation of a portion of the tax proceeds imposed by
14 15-65-111(1) to the general fund as provided in 15-65-121."

15 NEW SECTION. **Section 5.** Codification instruction.
16 [Section 2] is intended to be codified as an integral part
17 of Title 15, chapter 65, part 1, and the provisions of Title
18 15, chapter 65, part 1, apply to [section 2].

19 NEW SECTION. **Section 6.** Effective date. [This act] is
20 effective July 1, 1991.

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