

HOUSE BILL 430

IN THE HOUSE

January 27, 1979

Introduced and referred to
Committee on Taxation.

February 6, 1979

Committee recommend bill,
do not pass.

February 7, 1979

Report adopted.

1 HOUSE BILL NO. 430
2 INTRODUCED BY Thomson, Keedy

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPOSE AN EXCISE TAX
5 ON THE USE OF HOTEL AND MOTEL FACILITIES; PROVIDING FOR THE
6 COLLECTION AND DISTRIBUTION OF THE TAX; PROVIDING A PENALTY
7 FOR FAILURE TO PAY THE TAX; AND AMENDING SECTION 50-51-209,
8 MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. Excise tax on the use of
12 hotel and motel facilities. (1) An excise tax on the
13 privilege of using hotel or motel facilities, as defined in
14 subsections (3) and (6) of 50-51-102, is hereby imposed.

15 (2) The excise tax is 5% of the daily, weekly, or
16 monthly room rate or rent charged the occupant.

17 NEW SECTION. Section 2. Administration of excise tax.

18 (1) The treasurer of the county in which the hotel or motel
19 facility is located shall collect the excise tax.

20 (2) By the seventh day of each month, the owner of a
21 hotel or motel facility shall send a signed statement to the
22 treasurer showing the number of occupants and the total rent
23 or room charge collected during the month and the excise tax
24 due. The owner shall send payment for the tax due with the
25 report.

1 NEW SECTION. Section 3. Distribution and use of
2 funds. (1) The county treasurer shall distribute the excise
3 tax collected to the taxing jurisdictions in which the hotel
4 or motel facility is located in proportion to the current
5 mill levies in the districts.

6 (2) Taxing jurisdictions receiving excise funds may
7 use the money for any purpose for which property taxes may
8 be used under state law.

9 NEW SECTION. Section 4. Penalty for failure to pay
10 tax. The penalty for failure to pay the excise tax imposed
11 in [section 1] is:

- 12 (1) \$100 for a first offense;
- 13 (2) \$500 for a second offense;
- 14 (3) \$1,000 for a third offense; and
- 15 (4) mandatory revocation of the license required in
16 50-51-201 for further offenses.

17 Section 5. Section 50-51-209, MCA, is amended to read:

18 "50-51-209. Cancellation or revocation of license. (1)
19 The department may cancel a license if it finds, after
20 proper investigation, that the licensee has violated this
21 chapter or a rule effective under this chapter and the
22 licensee has failed or refused to remedy or correct the
23 violation.

24 ~~(2) The department shall revoke a license if the~~
25 ~~licensee is convicted a fourth time of failure to pay the~~

LC 0836/01

1 excise tax imposed in [section 1]."

-End-

STATE OF MONTANA

Request No. 174-79

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 1979, there is hereby submitted a Fiscal Note for House Bill 430 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 imposes an excise tax on the use of hotel and motel facilities; providing for the collection and distribution of the tax; providing a penalty for failure to pay the tax.

ASSUMPTIONS:

No accurate data can be obtained to provide an estimate of the fiscal impact on local revenues. (See Technical Note)

FISCAL IMPACT:

No Fiscal Impact on State Revenues

TECHNICAL NOTE:

Although no data are available to estimate the fiscal impact of this legislation, a "guess" can be derived in the following manner.

Assume that "lodging" (use of motel or hotel facilities) is a certain percentage of personal income. This percentage can be obtained for the U.S. by the use of personal income data and personal consumption expenditure data (source - Survey of Current Business). Nationally the expenditure for lodging is 0.002% of personal income. Next, we must project Montana Personal Income for FY 80 and FY 81. Assuming that the economy grows constantly, with no major palpitations, ballpark estimates would be close to \$5.8 billion for FY 80 and \$6.3 billion for FY 81. Using the 0.002% as the percentage of personal income that is spent on lodging, expenditures for lodging might be \$11.6 million in FY 80 and \$12.6 million in FY 81. A 5% excise tax on the expenditures for "lodging" would yield \$580,000 in FY 80 and \$630,000 in FY 81, with all these revenues flowing to local governments.

PREPARED BY THE DEPARTMENT OF REVENUE

Richard J. Young for
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2/1/79