

HOUSE BILL NO. 599

Introduced: 02/01/83

Referred to Committee on Taxation: 02/01/83

Hearing: 2/17/83

Report: 03/04/83, Do Not Pass

Bill Killed: 03/07/83

1 House BILL NO. 599
2 INTRODUCED BY Waldron
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPOSE A STATEWIDE
5 TOURIST TAX ON THE USER OF A HOTEL, MOTEL, OR TOURIST
6 CAMPGROUND; AND PROVIDING AN EFFECTIVE DATE AND AN
7 APPLICABILITY DATE."

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

10 Section 1. Definitions. For purposes of [this act],
11 the following definitions apply:

12 (1) "Hotel" or "motel" means a building containing
13 individual sleeping rooms or suites, providing overnight
14 lodging facilities to the general public for compensation.
15 The term includes those facilities represented to the public
16 as a hotel, motel, resort, inn, guest ranch, or public
17 lodginghouse. The term does not include a roominghouse,
18 retirement home, or other multiunit structure that is rented
19 on other than a daily or weekly basis.

20 (2) "Tourist campground" means a place used for public
21 camping, primarily by automobile tourists, where persons may
22 camp, secure tents, or park individual trailers or truck
23 trailers for camping and sleeping purposes. The term does
24 not include a trailer court, trailer park, or mobile home
25 park intended for occupancy by trailers or mobile homes for

1 nonrecreational dwelling purposes.

2 Section 2. Tourist tax rate. There is imposed a
3 tourist tax on the user of a hotel, motel, or tourist
4 campground at a rate equal to 10% of the charge for the use
5 of the hotel, motel, or tourist campground.

6 Section 3. Owner or operator of hotel, motel, or
7 tourist campground to collect tax -- reporting requirement.
8 (1) The owner or operator of a hotel, motel, or tourist
9 campground is responsible for collecting the tax imposed by
10 [section 2].

11 (2) The owner or operator of a hotel, motel, or
12 tourist campground shall, at the end of each calendar
13 quarter, report to the department the gross receipts
14 collected during that calendar quarter attributable to a
15 charge for the use of the hotel, motel, or tourist
16 campground. The report must also contain such other
17 information as required by the department. The report is due
18 within 30 days following the end of each calendar quarter
19 and must be accompanied by a payment in an amount equal to
20 the tax required to be collected under subsection (1).

21 Section 4. Failure to pay or file -- penalty --
22 interest. (1) An owner or operator of a hotel, motel, or
23 tourist campground who fails to file the report as required
24 by [section 3] must be assessed a penalty of 5% of the tax
25 that should have been collected during the calendar quarter.

Upon a showing of good cause, the department may waive the penalty.

(2) An owner or operator of a hotel, motel, or tourist campground who fails to make payment or fails to report and make payment as required by [section 3] must be assessed a penalty of 10% of the amount that was not paid. Upon a showing of good cause, the department may waive the penalty.

(3) If an owner or operator of a hotel, motel, or tourist campground fails to file the report required by [section 3] or if the department determines that the report understates the amount of tax due, the department may estimate the actual amount of the tax due and assess that amount against the owner or operator.

(4) The amount required to be paid under [section 3] accrues interest at the rate of 1% a month until paid.

Section 5. Distribution of tourist tax. (1) The tax imposed by [section 2] must be distributed each calendar quarter as follows:

(a) 10% to the Montana promotion bureau of the department of commerce;

(b) 10% to the department for administering [this act];

(c) 35% to county governments; and

(d) 45% to municipal governments.

(2) (a) A county's share of the amount distributed by

subsection (1) is calculated according to the following formula:

$1/2 \text{ DC} \times \text{CP/SP} + 1/2 \text{ DC} \times \text{TBF/STBF} = \text{county share.}$

(b) For purposes of subsection (2)(a):

(i) DC is the amount to be distributed to all county governments under subsection (1);

(ii) CP is the county population;

(iii) SP is the state population;

(iv) TBF is the county population times the average of all county mill values per capita divided by the county mill value per capita; and

(v) STBF is the sum of the TBFs of all counties.

(3) (a) A municipality's share of the amount distributed by subsection (1) is calculated according to the following formula:

$1/2 \text{ DM} \times \text{MP/SMP} + 1/2 \text{ DM} \times \text{TBF/STBF} = \text{municipal share.}$

(b) For purposes of subsection (3)(a):

(i) DM is the amount to be distributed to all municipalities under subsection (1);

(ii) MP is the population of the municipality;

(iii) SMP is the sum of the population of all municipalities in the state;

(iv) TBF is MP times the average of all municipal mill values per capita divided by the municipal mill value per capita; and

1 (v) STBF is the sum of the TBFs of all municipalities.

2 Section 6. Codification instruction. This act is
3 intended to be codified as an integral part of Title 15 and
4 the provisions of Title 15 apply to this act.

5 Section 7. Effective date -- applicability. This act
6 is effective July 1, 1983, and applies to calendar quarters
7 beginning on or after July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 318-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 5, 19 83, there is hereby submitted a Fiscal Note for House Bill 599 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 OF PROPOSED LEGISLATION:

House Bill 599 proposes a tourist tax on users of hotel, motel or tourist camp grounds. Revenues are allocated 45% to municipal governments, 35% to county governments, 10% to Montana Promotion Bureau and 10% to Department of Revenue to collect the tax.

ASSUMPTIONS:

- 1) There are approximately 550 hotel/motels, dude ranches in the state of Montana.
- 2) The average number of rooms is 20.
- 3) The average charge per room is \$26.00.
- 4) The average occupancy rate is 67%.
- 5) 15% of the hotels/motels, dude ranches operate seasonally (5 months/year).
- 6) There are approximately 220 private camp grounds in Montana.
- 7) The average number of campsites is 30.
- 8) The average cost per night is \$7.00.
- 9) The average occupancy is 70% for 5 months.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>	<u>BIENNIUM TOTAL</u>
Revenue:			
Under Proposed Law	\$7,022,827	\$7,022,827	\$14,045,654
Under Current Law	-0-	-0-	-0-
Increase	<u>\$7,022,827</u>	<u>\$7,022,827</u>	<u>\$14,045,654</u>

Allocation to Department of Commerce:

Under Current Law	\$ -0-	\$ -0-	\$ -0-
Under Proposed Law	702,283	702,283	1,404,566
Increase	<u>\$702,283</u>	<u>\$702,283</u>	<u>\$1,404,566</u>

Allocation to Department of Revenue:

Under Current Law	\$ -0-	\$ -0-	\$ -0-
Under Proposed Law	702,283	702,283	1,404,566
Increase	<u>\$702,283</u>	<u>\$702,283</u>	<u>\$1,404,566</u>

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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-83

SECOND PRINTING

EXPENDITURE:

It is assumed the bill would require the creation of a bureau half the size of the Withholding Tax Bureau at a cost of \$139,000 annually. An additional one-time cost of \$40,000 for a data processing system would be necessary.

LOCAL GOVERNMENT IMPACT:

	<u>FY84</u>	<u>FY85</u>	<u>BIENNIUM TOTAL</u>
Allocation to County Governments	\$2,457,989	\$2,457,989	\$4,915,978
Allocation to Muncipal Govern.	<u>3,160,272</u>	<u>3,160,272</u>	<u>6,320,544</u>
TOTAL	<u>\$5,618,261</u>	<u>\$5,618,261</u>	<u>\$11,236,522</u>