

HOUSE BILL NO. 392

1/23 Introduced
1/23 Referred to Taxation
1/24 Fiscal Note Requested
1/31 Fiscal Note Received
2/05 Hearing
Died In Committee

1 HOUSE BILL NO. 392
2 INTRODUCED BY Waldron Kelly
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A STATEWIDE
5 TAX ON THE USERS OF HOTEL, MOTEL, OR TOURIST CAMPGROUND
6 ACCOMMODATIONS; PROVIDING FOR DISTRIBUTION OF THE TAX
7 PROCEEDS FOR MONTANA TOURIST PROMOTION, ADMINISTRATION OF
8 THE TAX, AND COUNTIES AND CITIES; AND PROVIDING AN EFFECTIVE
9 DATE AND AN APPLICABILITY DATE."
10

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 Section 1. Definitions. For purposes of [this act],
13 the following definitions apply:

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

22 (2) "Tourist campground" means a place used for public
23 camping, primarily by automobile tourists, where persons may
24 camp, secure tents, or park individual trailers or truck
25 trailers for camping and sleeping purposes. The term does

1 not include a trailer court, trailer park, or mobile home
2 park intended for occupancy by trailers or mobile homes for
3 nonrecreational dwelling purposes.

4 Section 2. Tax rate. There is imposed on the user of
5 a hotel, motel, or tourist campground a tax at a rate equal
6 to 10% of the accommodation charge collected by the hotel,
7 motel, or tourist campground.

8 Section 3. Collection and reporting. (1) The owner or
9 operator of a hotel, motel, or tourist campground shall
10 collect the tax imposed by [section 2].

11 (2) The owner or operator shall report to the
12 department of revenue at the end of each calendar quarter,
13 the gross receipts collected during that calendar quarter
14 attributable to accommodation charges for the use of the
15 hotel, motel, or tourist campground. The report is due
16 within 30 days following the end of each calendar quarter
17 and must be accompanied by a payment in an amount equal to
18 the tax required to be collected under subsection (1) less
19 the administrative reimbursement allowed under [section
20 5(2)].

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.



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

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

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

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

16 Section 5. Distribution of tax proceeds. The proceeds
17 of the tax imposed by [section 2] must be distributed each
18 year as follows:

19 (1) 15% to be divided as follows:

20 (a) actual costs of administering [this act] to the
21 department for that purpose; and

22 (b) the balance to the department of commerce for
23 Montana travel promotion purposes;

24 (2) 5% of the amount collected by his facility to the
25 owner or operator of the hotel, motel, or tourist campground

1 as reimbursement for administering the collection of the
2 tax;

3 (3) 30% to municipal and county governments in
4 accordance with the formula set forth in 7-6-307; and

5 (4) 50% to the municipality in which the tax was
6 collected or, if the tax was collected in an unincorporated
7 area, to the county in which the tax was collected.

8 Section 6. Extension of authority. Any existing
9 authority of the department of revenue to make rules on the
10 subject of the provisions of this act is extended to the
11 provisions of this act.

12 Section 7. Codification instruction. Sections 1
13 through 5 are intended to be codified as an integral part of
14 Title 15, and the provisions of Title 15 apply to sections 1
15 through 5.

16 Section 8. Effective date -- applicability. This act
17 is effective July 1, 1985, and applies to calendar quarters
18 beginning on or after July 1, 1985.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 218-85

Form BD-15

In compliance with a written request received January 24, 19 85, there is hereby submitted a Fiscal Note for H.B. 392 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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:

An act imposing a statewide tax on the users of hotel, motel, or tourist campground accommodations; providing for distribution of the tax proceeds for Montana tourist promotion, administration of the tax, and counties and cities; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. The "Montana Travel Industry, 1983" published by the Bureau of Business and Economic Research (University of Montana) estimates the gross receipts of Montana hotels and motels were \$188 million in 1983. This estimate is assumed to apply to future years.
2. Two hundred and eighteen private campgrounds are listed in the Montana Accommodations Guide. The average campground accommodates 45 recreational vehicles and 15 tents. The average price for one R.V. is \$8 and for a tent \$5. The campgrounds are assumed to have a 5-month season with 63% occupancy. Gross receipts are estimated to be \$8,961,435.
3. Costs of administering the new tax are estimated to be approximately \$40,000 annually. These costs would be recovered from the tax collections.

FISCAL IMPACT:

EFFECT ON REVENUE:

	<u>FY 86</u>			<u>FY 87</u>		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
Hotel/Motel Tax	-0-	\$19,696,143	\$19,696,143	-0-	\$19,696,143	\$19,696,143
Distribution of Revenue:						
Travel Promotion/Revenue	-0-	\$ 2,954,421	\$ 2,954,421	-0-	\$ 2,954,421	\$ 2,954,421
Reimbursement to Owner	-0-	984,807	984,807	-0-	984,807	984,807
Local Governments	-0-	15,756,914	15,756,914	-0-	15,756,914	15,756,914

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: JAN 30, 1985

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