

HB 520 INTRODUCED BY RAMIREZ, ET AL.
AUTHORIZING THE IMPOSITION OF A LOCAL OPTION SALES
TAX

1/28 INTRODUCED
1/28 REFERRED TO TAXATION
1/28 FISCAL NOTE REQUESTED
1/29 FISCAL NOTE RECEIVED
2/12 HEARING
3/19 TABLED IN COMMITTEE

1 INTRODUCTION BY House BILL NO. 520
2 Ramsey Crisp

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL
5 OPTION SALES TAX IN COUNTIES WITH A RESIDENT POPULATION IN
6 EXCESS OF 100,000 PERSONS; REQUIRING VOTER APPROVAL PRIOR TO
7 IMPOSITION OF A LOCAL OPTION SALES TAX; LIMITING THE MAXIMUM
8 RATE OF A LOCAL OPTION SALES TAX TO 3 PERCENT OF THE SALES
9 PRICE; REQUIRING THAT THE PROCEEDS FROM A LOCAL OPTION SALES
10 TAX REPLACE PROPERTY TAX REVENUES; AND DISALLOWING LOCAL
11 OPTION SALES TAXES IF A STATEWIDE SALES TAX IS IMPOSED."
12

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

14 Section 1. Local option sales tax -- authorization --
15 limitations. (1) Subject to the limitations provided in
16 subsections (2) and (3), a local government, including a
17 consolidated government, may impose a tax on the retail sale
18 of goods and services within the county if the authority
19 enabling the imposition of the tax is approved by the
20 electorate as provided in [section 2].

21 (2) The tax authorized by subsection (1) may be
22 imposed:

23 (a) only in a county in which the resident population
24 exceeds 100,000; and

25 (b) at a rate not to exceed 3% of the sales price.

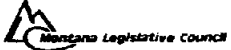
1 (3) If a tax is imposed under [this act], the proceeds
2 of the tax may be used only to administer the tax and to
3 replace revenues that would be raised by the imposition of
4 an ad valorem tax on property.

5 (4) In enacting the authorization for the imposition
6 of a sales tax, the electorate may establish categories of
7 goods and services that are not subject to a sales tax. The
8 tax may not be imposed on used goods, meaning goods which
9 have been sold, bargained, exchanged, given away, or title
10 transferred from the person who first took title of the
11 goods from a seller of the goods, and so used by that
12 original owner that it has become what is commonly known as
13 second hand.

14 Section 2. Enabling authority for imposition of the
15 local option sales tax. (1) (a) The proposal to enable a
16 local government to impose the local option sales tax
17 authorized by [this act] may be initiated by a petition of
18 the electorate as provided in 7-5-131 through 7-5-135 or by
19 a resolution of the governing body.

20 (b) The proposal must contain provisions that upon
21 approval:

22 (i) limit the authority of the governing body in the
23 imposition and use of the tax, such as the rate of the tax,
24 duration, exclusions, specific use of proceeds, and similar
25 limitations; and



1 (ii) grant the governing body authority to establish
2 administrative procedures, rates, penalties, and other
3 powers not inconsistent with the approved enabling
4 authority.

5 (2) (a) Upon approval by the electorate in accordance
6 with the provisions of subsection (2)(b) and 7-5-136, the
7 proposal becomes the local government body's enabling
8 authority to impose the local option sales tax subject to
9 all restrictions and provisions of the enabling authority.

10 (b) Approval of the proposal by the electorate is not
11 valid unless at least 40% of the registered voters of the
12 local government vote at the election in which the question
13 on the proposition is presented, as determined by the number
14 of electors signing precinct registers and the number of
15 delivered absentee ballots.

16 (3) Unless the enabling authority contains a provision
17 stating otherwise, it may be amended or repealed without a
18 vote of the electorate.

19 Section 3. Administration of tax -- penalty. (1)
20 Subject to any restrictions set forth in the enabling
21 authority, the governing body, for the enforcement of
22 provisions relating to the imposition and collection of the
23 local option sales tax under this section, may establish:

24 (a) criminal penalties, not to exceed the penalties
25 for the violation of an ordinance as set forth in 7-5-109;

1 and

2 (b) civil penalties that are monetary amounts, either
3 fixed or by percentages, enforceable in justice's, city, or
4 municipal court.

5 (2) The proceeds of a tax authorized by the electorate
6 under [section 2] may be used only for the administration of
7 the tax and for replacing revenues that would otherwise be
8 raised by the imposition of an ad valorem tax on property.

9 Section 4. Contingent termination. If a retail sales
10 tax is imposed statewide, this act terminates upon the
11 effective date of the statewide sales tax. After the
12 effective date of the statewide sales tax, no local
13 government may impose a local option sales tax unless
14 otherwise specifically provided by law.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB520, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a local option sales tax in counties with a resident population in excess of 100,000 persons; requiring voter approval prior to the imposition of a local option sales tax; limiting the maximum rate of a local option sales tax to 3% of the sales price; requiring that the proceeds from a local option sales tax replace property tax revenues; disallowing local option sales taxes if a statewide sales tax is imposed.


EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Yellowstone County is the only county in the state that would be authorized by the proposal to impose a local option sales tax (July 1, 1984 Census Bureau population estimates). If the tax were approved by the voters of the county, the proceeds (net of administrative costs) would be used to reduce property tax revenues. There would be no change in local revenues.

Costs of administering the local option tax would be the responsibility of the local jurisdiction. These costs would come from the proceeds of the local option tax.

 DATE 1/29/87

DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 1/31/87

JACK RAMIERZ, PRIMARY SPONSOR

Fiscal Note for HB520, as introduced.

HB 520