

HB 649 INTRODUCED BY MENAHAN, ET AL.  
IMPOSING A 5 PERCENT HOTEL/MOTEL TAX; DISTRIBUTING THE  
TAX PROCEEDS

2/07 INTRODUCED  
2/07 REFERRED TO TAXATION  
2/07 FISCAL NOTE REQUESTED  
2/09 FISCAL NOTE RECEIVED  
3/04 HEARING  
3/16 TABLED IN COMMITTEE

1 House BILL NO. 649  
2 INTRODUCED BY Montanan Korman

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A STATEWIDE 5  
5 PERCENT TAX ON THE USERS OF HOTEL, MOTEL, OR TOURIST  
6 CAMPGROUND ACCOMMODATIONS; PROVIDING FOR DISTRIBUTION OF THE  
7 TAX PROCEEDS FOR MONTANA TOURIST PROMOTION AND FOR COUNTIES  
8 AND CITIES; AND PROVIDING AN EFFECTIVE DATE AND AN  
9 APPLICABILITY DATE."

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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 5% 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).

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



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

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

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

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

17 (1) 15% to be divided as follows:

18 (a) actual costs of administering [this act] to the  
19 department of revenue for that purpose; and

20 (b) the balance to the department of commerce for  
21 Montana travel promotion purposes; and

22 (2) 85% to municipal and county governments in  
23 accordance with the formula set forth in 7-6-307.

24 Section 6. Extension of authority. Any existing  
25 authority of the department of revenue to make rules on the

1 subject of the provisions of this act is extended to the  
2 provisions of this act.

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

7 Section 8. Effective date -- applicability. This act  
8 is effective July 1, 1987, and applies to calendar quarters  
9 beginning on or after July 1, 1987.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB649, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act imposing a statewide 5 percent tax on the users of hotel, motel, or tourist campground accommodations; providing for the distribution of the tax proceeds for Montana tourist promotion and for counties and cities; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. A hotel/motel/campground tax will generate gross collections of \$1.25 million per percent per year (OBPP). This estimate is assumed constant for each year.
2. For simplicity, it is assumed that the effective date of the proposal (July 1, 1987) and the quarterly remittance of the tax will prevent 1/4 of the annual proceeds from being collected in FY88.
3. Administrative costs of the Department of Revenue will be \$58,323 in FY88 and \$57,574 in FY89. In addition, \$97,000 start-up costs will be incurred in FY87 in order to implement the tax by July 1, 1987. The proposal does not provide the Department of Revenue with \$97,000 to cover the start-up costs of the program.

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Hotel/Motel Tax	\$ 0	\$ 4,687,500	\$ 4,687,500	\$ 0	\$ 6,250,000	\$ 6,250,000
<u>Fund Information:</u>						
Dept. of Revenue	\$ 0	\$ 58,323	\$ 58,323	\$ 0	\$ 57,574	\$ 57,574
Dept. of Commerce	\$ 0	\$ 644,802	\$ 644,802	\$ 0	\$ 879,926	\$ 879,926
<u>Block Grant Program Distribution:</u>						
University Levy	\$ 0	\$ 79,273	\$ 79,273	\$ 0	\$ 101,469	\$ 101,469
School Foundation	\$ 0	\$ 594,588	\$ 594,588	\$ 0	\$ 761,074	\$ 761,074
Other Taxing Jurisdictions	\$ 0	\$ 3,310,514	\$ 3,310,514	\$ 0	\$ 4,449,957	\$ 4,449,957

*David L. Hunter*

DATE

2/9/87

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

*William Red Menahan*

DATE

2/10/87

WILLIAM (RED) MENAHAN, PRIMARY SPONSOR

Fiscal Note for HB649, as introduced.

HB 649