

HB 707 INTRODUCED BY BROWN, D.
IMPOSING A 5 PERCENT HOTEL/MOTEL TAX; PROVIDING FOR
DISTRIBUTION OF TAX PROCEEDS

2/11 INTRODUCED
2/11 REFERRED TO TAXATION
2/11 FISCAL NOTE REQUESTED
2/16 FISCAL NOTE RECEIVED
3/04 HEARING
3/16 TABLED IN COMMITTEE

1 House BILL NO. 707
2 INTRODUCED BY Dave Brown

4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A STATEWIDE
5 5-PERCENT TAX ON THE USERS OF HOTEL, MOTEL, OR CAMPGROUND
6 ACCOMMODATIONS; PROVIDING FOR DISTRIBUTION OF THE TAX
7 PROCEEDS TO THE DEPARTMENT OF COMMERCE, FOR PROMOTION OF
8 MONTANA TOURISM AND MOTION PICTURE AND TELEVISION COMMERCIAL
9 LOCATIONS, AND TO LOCAL GOVERNMENTS; ESTABLISHING A TOURISM
10 ADVISORY COUNCIL; AMENDING SECTION 17-7-502, MCA; AND
11 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
12 DATE."

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

15 NEW SECTION. Section 1. Definitions. For purposes of

16 [this act], the following definitions apply:

17 (1) "Council" means the tourism advisory council
18 established in [section 6].

19 (2) "Hotel" or "motel" means a building containing
20 individual sleeping rooms or suites, providing overnight
21 lodging facilities for periods of less than 30 days to the
22 general public for compensation. The term includes a
23 facility represented to the public as a hotel, motel,
24 resort, dormitory, condominium inn, dude ranch, guest ranch,
25 hostel, public lodging house, or bed-and-breakfast facility.

1 The term does not include a roominghouse, retirement home,
2 hospital, or other facility that is rented on other than a
3 daily or weekly basis.

(4) "Local government" means an incorporated city or town, a county, or a consolidated government.

14 NEW SECTION. Section 2. Tax rate -- combined charge
15 for services. (1) There is imposed on the user of a hotel,
16 motel, or tourist campground a tax at a rate equal to 5% of
17 the accommodation charge collected by the hotel, motel, or
18 campground.

19 (2) When accommodation charges are combined with food,
20 beverage, recreation, or other charges, such as at guest
21 ranches, the operator of the facility shall place a fair
22 market value on the accommodations portion of the charge and
23 impose upon the user a tax at a rate equal to 5% of the
24 accommodation charge.

25 (3) Accommodation charges do not include charges for



1 rooms used for purposes other than lodging.

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

5 (2) The owner or operator shall report to the
6 department of revenue, at the end of each calendar quarter,
7 the gross receipts collected during that quarter
8 attributable to accommodation charges for the use of the
9 hotel, motel, or campground. The report is due within 30
10 days following the end of the calendar quarter and must be
11 accompanied by payment in an amount equal to the tax
12 required to be collected under subsection (1).

13 NEW SECTION. Section 4. Failure to pay or file --
14 penalty -- interest. (1) An owner or operator of a hotel,
15 motel, or campground who fails to file the report as
16 required by [section 3] must be assessed a penalty of 2% of
17 the tax that should have been collected during the calendar
18 quarter. Upon a showing of good cause, the department of
19 revenue may waive the penalty.

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

25 (3) If an owner or operator of a hotel, motel, or

1 campground fails to file the report required by [section 3]
2 or if the department of revenue determines that the report
3 understates the amount of tax due, the department may
4 estimate the amount of the tax due and assess that amount
5 against the owner or operator.

6 (4) The amount required to be paid under [section 3]
7 accrues interest at the rate of 5/6 of 1% a month from the
8 date of delinquency until paid.

9 NEW SECTION. Section 5. Distribution of tax proceeds.
10 The proceeds of the tax imposed by [section 2] must be
11 deposited in an account in the state special revenue fund to
12 the credit of the department of revenue. The department may
13 spend from that account in accordance with an expenditure
14 appropriation by the legislature based on an estimate of the
15 costs of collecting and disbursing the proceeds of the tax.
16 The balance of the tax proceeds received each reporting
17 period and not deducted pursuant to the expenditure
18 appropriation is statutorily appropriated as provided in
19 17-7-502 and must be transferred as follows:

20 (1) 50% to an account in the state special revenue
21 fund to the credit of the department of commerce for tourism
22 promotion and promotion of the state as a location for the
23 production of motion pictures and television commercials;
24 and

25 (2) 50% to an account in the state special revenue

1 (i) 15-31-702;
2 (j) 15-36-112;
3 (k) 15-70-101;
4 (l) 16-1-404;
5 (m) 16-1-410;
6 (n) 16-1-411;
7 (o) 17-3-212;
8 (p) 17-5-404;
9 (q) 17-5-424;
10 (r) 17-5-804;
11 (s) 19-8-504;
12 (t) 19-9-702;
13 (u) 19-9-1007;
14 (v) 19-10-205;
15 (w) 19-10-305;
16 (x) 19-10-506;
17 (y) 19-11-512;
18 (z) 19-11-513;
19 (aa) 19-11-606;
20 (bb) 19-12-301;
21 (cc) 19-13-604;
22 (dd) 20-6-406;
23 (ee) 20-8-111;
24 (ff) 23-5-612;
25 (gg) 37-51-501;

1 (hh) 53-24-206;
2 (ii) 75-1-1101;
3 (jj) 75-7-305;
4 (kk) 80-2-103;
5 (ll) 80-2-228;
6 (mm) 90-3-301;
7 (nn) 90-3-302;
8 (o) 90-15-103; and
9 (pp) Sec. 13, HB 861, L. 1985; and
10 (qq) [section 5].

11 (4) There is a statutory appropriation to pay the
12 principal, interest, premiums, and costs of issuing, paying,
13 and securing all bonds, notes, or other obligations, as due,
14 that have been authorized and issued pursuant to the laws of
15 Montana. Agencies that have entered into agreements
16 authorized by the laws of Montana to pay the state
17 treasurer, for deposit in accordance with 17-2-101 through
18 17-2-107, as determined by the state treasurer, an amount
19 sufficient to pay the principal and interest as due on the
20 bonds or notes have statutory appropriation authority for
21 such payments."

22 NEW SECTION. Section 8. Rulemaking authority. The
23 department of revenue may make such rules as may be
24 necessary to implement and effectively administer [sections
25 1 through 5].

1 fund to the credit of the department of revenue for
 2 distribution to the local government jurisdiction wherein
 3 the tax imposed by [section 2] was collected, in the
 4 proportion that the collections of each local government
 5 jurisdiction bear to the total statewide collections.

6 NEW SECTION. Section 6. Tourism advisory council. (1)
 7 There is created a tourism advisory council.

8 (2) The council is composed of not less than 12
 9 members, appointed by the governor from Montana's private
 10 sector travel industry, with representation from each
 11 tourism region as initially established by executive order
 12 of the governor or as modified by the council under
 13 subsection (5).

14 (3) Members of the council shall serve staggered
 15 3-year terms, subject to replacement at the discretion of
 16 the governor. The governor shall designate four of the initial
 17 initial members to serve 1-year terms, four of the initial
 18 members to serve 2-year terms, and the remaining initial
 19 members to serve 3-year terms.

20 (4) The council shall:

21 (a) advise the department of commerce relative to
 22 tourism promotion; and

23 (b) advise the governor on significant matters
 24 relative to Montana's travel industry.

25 (5) The council may modify the tourism regions

1 established by executive order of the governor.

2 Section 7. Section 17-7-502, MCA, is amended to read:
 3 "17-7-502. Statutory appropriations -- definition --
 4 requisites for validity. (1) A statutory appropriation is an
 5 appropriation made by permanent law that authorizes spending
 6 by a state agency without the need for a biennial
 7 legislative appropriation or budget amendment.

8 (2) Except as provided in subsection (4), to be
 9 effective, a statutory appropriation must comply with both
 10 of the following provisions:

11 (a) The law containing the statutory authority must be
 12 listed in subsection (3).

13 (b) The law or portion of the law making a statutory
 14 appropriation must specifically state that a statutory
 15 appropriation is made as provided in this section.

16 (3) The following laws are the only laws containing
 17 statutory appropriations:

- 18 (a) 2-9-202;
- 19 (b) 2-17-105;
- 20 (c) 2-18-812;
- 21 (d) 10-3-203;
- 22 (e) 10-3-312;
- 23 (f) 10-3-314;
- 24 (g) 10-4-301;
- 25 (h) 13-37-304;

1 NEW SECTION. Section 9. Codification instructions.

2 (1) Sections 1 through 5 are intended to be codified as an
3 integral part of Title 15, and the provisions of Title 15
4 apply to sections 1 through 5.

5 (2) Section 6 is intended to be codified as an
6 integral part of Title 2, chapter 15, part 18, and the
7 provisions of Title 2, chapter 15, apply to section 6.

8 NEW SECTION. Section 10. Effective date --
9 applicability. This act is effective on passage and approval
10 to allow rulemaking and is applicable to taxable
11 transactions beginning on or after May 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 HB707, as introduced.DESCRIPTION OF PROPOSED LEGISLATION:

An Act imposing a statewide 5 percent tax on the users of hotel, motel, or campground accommodations; providing for distribution of the tax proceeds to the Department of Commerce, for promotion of Montana tourism and motion picture and television commercial locations, and to local governments; establishing a tourism advisory council; and providing an immediate 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. The applicability date of this proposal (May 1, 1987) and the quarterly remittance requirement will prevent 1/12 (one month) of the annual proceeds from being collected in FY88.
3. Administrative costs of the Department of Revenue will be \$80,783 in FY88 and \$79,634 in FY89. In addition, \$119,000 start-up costs will be incurred in FY87 to implement the proposed law. The proposed law does not provide the Department with \$119,000 to cover FY87 start-up costs of the program. Administrative costs in this proposal are higher than the Governor's Executive Budget due to tracking the local government entity where the tax was collected.

FISCAL IMPACT:Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Hotel/Motel Tax	\$ 0	\$ 5,729,167	\$ 5,729,167	\$ 0	\$ 6,250,000	\$ 6,250,000

Fund Information:

Dept. of Revenue	\$ 0	\$ 80,783	\$ 80,783	\$ 0	\$ 79,634	\$ 79,634
Dept. of Commerce	\$ 0	\$ 2,824,192	\$ 2,824,192	\$ 0	\$ 3,085,183	\$ 3,085,183
Local Governments	\$ 0	\$ 2,824,192	\$ 2,824,192	\$ 0	\$ 3,085,183	\$ 3,085,183

David L. Hunter DATE 2/16/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Dave Brown DATE 2/17/87
 DAVE BROWN, PRIMARY SPONSOR

Fiscal Note for HB707, as introduced.*HB 707*