

HOUSE BILL NO. 739

INTRODUCED BY BOHARSKI, PATTERSON, COBB, GIACOMETTO,
SPAETH, RICE, HANNAH, PETERSON,
COMPTON, SIMPKINS, KADAS, DRISCOLL

IN THE HOUSE

FEBRUARY 16, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON APPROPRIATIONS.

FIRST READING.

MARCH 1, 1989

ON MOTION BY CHIEF SPONSOR,
REPRESENTATIVE CONNELLY REMOVED
AS SPONSOR.

MARCH 17, 1989

ON MOTION BY CHIEF SPONSOR,
REPRESENTATIVES, PATTERSON, COBB,
GIACOMETTO, SPAETH, RICE, HANNAH,
PETERSON, COMPTON, SIMPKINS, KADAS,
AND DRISCOLL ADDED AS SPONSORS.

MARCH 18, 1989

COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

MARCH 20, 1989

PRINTING REPORT.

MARCH 22, 1989

SECOND READING, DO PASS.

MARCH 23, 1989

ENGROSSING REPORT.

THIRD READING, PASSED.
AYES, 58; NOES, 39.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 27, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

FIRST READING.

APRIL 13, 1989

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

APRIL 14, 1989

SECOND READING, CONCURRED IN.

APRIL 17, 1989

THIRD READING, CONCURRED IN.
AYES, 34; NOES, 15.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 18, 1989

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 739
2 INTRODUCED BY Wm E Behrns
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PORTION OF
5 THE LODGING FACILITY USE TAX ATTRIBUTABLE TO STATE AGENCY
6 IN-STATE LODGING TO THE GENERAL FUND; REQUIRING STATE
7 AGENCIES TO ACCOUNT FOR IN-STATE LODGING EXPENDITURES;
8 AMENDING SECTION 15-65-121, MCA; AND PROVIDING AN EFFECTIVE
9 DATE."
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. **Section 1.** State agencies to account for
13 in-state lodging expenditures. Each state agency shall
14 account for in-state lodging expenditures in a manner that
15 will enable the department of revenue to determine total
16 expenditures for in-state lodging by state agencies in order
17 to make an allocation of a portion of the tax proceeds
18 imposed by 15-65-111 to the general fund as provided in
19 15-65-121.

20 **Section 2.** Section 15-65-121, MCA, is amended to read:
21 15-65-121. (Effective July 1, 1989) Distribution of
22 tax proceeds -- general fund loan authority. (1) The
23 proceeds of the tax imposed by 15-65-111 must be deposited
24 in an account in the state special revenue fund to the
25 credit of the department of revenue. The department may

1 spend from that account in accordance with an expenditure
2 appropriation by the legislature based on an estimate of the
3 costs of collecting and disbursing the proceeds of the tax.
4 Before allocating the balance of the tax proceeds as
5 provided in subsections (1)(a) through (1)(c), the
6 department shall determine the expenditures by state
7 agencies for in-state lodging for each reporting period and
8 deduct 4% of that amount from the tax proceeds received each
9 reporting period. The amount deducted must be deposited in
10 the general fund. The balance of the tax proceeds received
11 each reporting period and not deducted pursuant to the
12 expenditure appropriation or deposited in the general fund
13 is statutorily appropriated, as provided in 17-7-502, and
14 must be transferred to an account in the state special
15 revenue fund to the credit of the department of commerce for
16 tourism promotion and promotion of the state as a location
17 for the production of motion pictures and television
18 commercials, to the Montana historical society, and to the
19 university system, as follows:

20 (a) 1% to the Montana historical society to be used
21 for the installation or maintenance of roadside historical
22 signs and historic sites;

23 (b) 2.5% to the university system for the
24 establishment and maintenance of a Montana travel research
25 program; and

(c) the balance of the proceeds as follows:

(i) 75% to be used directly by the department of commerce;

(ii) except as provided in subsection (1)(c)(iii), 25% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide;

(iii) if 25% of the proceeds collected annually within the limits of a city or consolidated city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city or consolidated city-county is located is to be distributed to the nonprofit convention and visitors bureau in that city or consolidated city-county.

(2) If a city or consolidated city-county qualifies under this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the tourism region in which the city or consolidated city-county is located.

(3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated

to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(4) The department of commerce may use general fund loans for efficient implementation of this section."

NEW SECTION. Section 3. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 65, part 1, and the provisions of Title 15, chapter 65, part 1, apply to [section 1].

NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB739, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act allocating a portion of the lodging facility use tax attributable to state agency in-state lodging to the General Fund; requiring state agencies to account for in-state lodging expenditures; and providing an effective date.

ASSUMPTIONS:

1. This proposal has an effective date of July 1, 1989.
2. Lodging Facility Use Tax receipts will be \$4,934,000 in FY90 and \$5,196,000 in FY91. (REAC estimates.)
3. The Executive Budget recommends expenditures for the Department of Revenue of \$98,532 in FY90 and \$97,692 in FY91 from the receipts for collection and disbursement of the tax.
4. Under current law the remainder of the tax proceeds are distributed as follows:
Historical Society (1%)
University System (2.5%)
Department of Commerce (96.5%)
5. Under the proposed Act the Department of Revenue would receive its administrative costs (Assumption 3) and the General Fund would receive 4% of state government in-state lodging costs. The remainder would then be disbursed using the same percentages as in the current law.
6. In FY88 \$1,618,244 was spent on in-state lodging by state agencies. (Object of Expenditure code 2408, from OBPP Stat. Report 04) It is assumed that in-state lodging expenses will remain constant over the biennium.

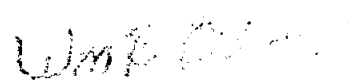
FISCAL IMPACT:

	Current	FY90		Current	FY91	
	Law	Proposed		Law	Proposed	
Revenue Impact:		Law	Difference		Law	Difference
Accommodation Tax						
Receipts	\$4,934,000	\$4,934,000	\$ -0-	\$5,196,000	\$5,196,000	\$ -0-
Fund Information:						
General Fund	\$ -0-	\$ 64,730	\$ 64,730	\$ -0-	\$ 64,730	\$ 64,730
DOR Administration	98,532	98,532	-0-	97,692	97,692	-0-
Higher Education	120,887	119,268	(1,619)	127,458	125,839	(1,619)
Dept. of Commerce	4,666,226	4,603,763	(62,463)	4,919,867	4,857,403	(62,464)
Historical Society	48,355	47,707	(648)	50,983	50,336	(647)
Total	\$4,934,000	\$4,934,000	\$ -0-	\$5,196,000	\$5,196,000	\$ -0-



DATE 2/22/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING



DATE 2-28-89

WILLIAM E. BOHARSKI, PRIMARY SPONSOR

Fiscal Note for HB739, as introduced

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 739

INTRODUCED BY BOHARSKI, PATTERSON, COBB, GIACOMETTO,

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COMPTON, SIMPKINS, KADAS, DRISCOLL

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING A PORTION OF THE LODGING FACILITY USE TAX ATTRIBUTABLE TO STATE AGENCY IN-STATE LODGING TO THE GENERAL FUND; REQUIRING STATE AGENCIES TO ACCOUNT FOR IN-STATE LODGING EXPENDITURES; AMENDING SECTION 15-65-121, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. State agencies to account for in-state lodging expenditures. Each state agency shall account for in-state lodging expenditures in a manner that will enable the department of revenue to determine total expenditures for in-state lodging by state agencies in order to make an allocation of a portion of the tax proceeds imposed by 15-65-111 to the general fund as provided in 15-65-121.

Section 2. Section 15-65-121, MCA, is amended to read: 15-65-121. (Effective July 1, 1989) Distribution of tax proceeds -- general fund loan authority. (1) The proceeds of the tax imposed by 15-65-111 must be deposited

in an account in the state special revenue fund to the credit of the department of revenue. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds as provided in subsections (1)(a) through (1)(c), the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the general fund. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or deposited in the general fund is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical society, and to the university system, as follows:

(a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) 2.5% to the university system for the

1 establishment and maintenance of a Montana travel research
2 program; and

3 (c) the balance of the proceeds as follows:

4 (i) 75% to be used directly by the department of
5 commerce;

6 (ii) except as provided in subsection (1)(c)(iii), 25%
7 to be distributed by the department to regional nonprofit
8 tourism corporations in the ratio of the proceeds collected
9 in each tourism region to the total proceeds collected
10 statewide;

11 (iii) if 25% of the proceeds collected annually within
12 the limits of a city or consolidated city-county exceeds
13 \$35,000, 50% of the amount available for distribution to the
14 regional nonprofit tourism corporation in the region where
15 the city or consolidated city-county is located is to be
16 distributed to the nonprofit convention and visitors bureau
17 in that city or consolidated city-county.

18 (2) If a city or consolidated city-county qualifies
19 under this section for funds but fails to either recognize a
20 nonprofit convention and visitors bureau or submit and gain
21 approval for an annual marketing plan as required in
22 15-65-122, then those funds must be allocated to the tourism
23 region in which the city or consolidated city-county is
24 located.

25 (3) If a regional nonprofit tourism corporation fails

1 to submit and gain approval for an annual marketing plan as
2 required in 15-65-122, then those funds otherwise allocated
3 to the regional nonprofit tourism corporation may be used by
4 the department of commerce for tourism promotion and
5 promotion of the state as a location for the production of
6 motion pictures and television commercials.

7 (4) The department of commerce may use general fund
8 loans for efficient implementation of this section."

9 NEW SECTION. **Section 3.** Extension of authority. Any
10 existing authority to make rules on the subject of the
11 provisions of [this act] is extended to the provisions of
12 [this act].

13 NEW SECTION. **Section 4.** Codification instruction.
14 [Section 1] is intended to be codified as an integral part
15 of Title 15, chapter 65, part 1, and the provisions of Title
16 15, chapter 65, part 1, apply to [section 1].

17 NEW SECTION. **Section 5.** Effective date. [This act] is
18 effective July 1, 1989.

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