

HOUSE BILL NO. 591  
INTRODUCED BY WALLIN

IN THE HOUSE

|                   |   |
|-------------------|---|
| FEBRUARY 11, 1993 | INTRODUCED AND REFERRED TO COMMITTEE<br>ON TAXATION.            |
|                   | FIRST READING.  |
| MARCH 20, 1993    | COMMITTEE RECOMMEND BILL<br>DO PASS AS AMENDED. REPORT ADOPTED. |
| MARCH 22, 1993    | PRINTING REPORT.  |
|                   | SECOND READING, DO PASS.  |
| MARCH 24, 1993    | ENGROSSING REPORT.  |
|                   | THIRD READING, NOT PASSED.                                      |
|                   | ON MOTION, PREVIOUS ACTION<br>RECONSIDERED.                     |
|                   | THIRD READING, PASSED.<br>AYES, 53; NOES, 45.                   |
|                   | TRANSMITTED TO SENATE.  |

IN THE SENATE

|                |  |
|----------------|--|
| MARCH 26, 1993 | INTRODUCED AND REFERRED TO COMMITTEE<br>ON TAXATION.                       |
|                | FIRST READING.   |
| APRIL 14, 1993 | COMMITTEE RECOMMEND BILL BE<br>CONCURRED IN AS AMENDED. REPORT<br>ADOPTED. |
| APRIL 15, 1993 | SECOND READING, CONCURRED IN.  |
|                | THIRD READING, NOT CONCURRED IN.<br>AYES, 25; NOES, 25.                    |
|                | ON MOTION, PREVIOUS ACTION<br>RECONSIDERED.                                |
|                | THIRD READING, CONCURRED IN.   |

AYES, 27; NOES, 23.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 16, 1993

SECOND READING, AMENDMENTS NOT  
CONCURRED IN.

APRIL 17, 1993

ON MOTION, CONFERENCE COMMITTEE  
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 20, 1993

ON MOTION, CONFERENCE COMMITTEE  
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 22, 1993

SECOND READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

THIRD READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

IN THE SENATE

APRIL 22, 1993

SECOND READING, CONFERENCE COMMITTEE  
REPORT REJECTED.

ON MOTION, PREVIOUS ACTION  
RECONSIDERED.

SECOND READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

THIRD READING, CONFERENCE COMMITTEE  
REPORT ADOPTED.

IN THE HOUSE

APRIL 23, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 591  
 2 INTRODUCED BY Wallin  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE  
 5 ACCOMMODATIONS TAX FROM 4 PERCENT TO 7 PERCENT; PROVIDING  
 6 THAT THE INCREASED AMOUNT BE DISTRIBUTED TO COUNTIES AND  
 7 INCORPORATED CITIES AND TOWNS ON BOTH A PER CAPITA BASIS AND  
 8 ON THE BASIS OF THE ORIGIN OF COLLECTIONS; PROVIDING THAT  
 9 THIS ACT IS VOID IF A GENERAL SALES TAX PROVIDES FOR  
 10 DISTRIBUTION OF SALES TAX REVENUE BASED UPON THE ORIGIN OF  
 11 COLLECTIONS; AMENDING SECTIONS 15-65-111, 15-65-121, AND  
 12 15-65-122, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN  
 13 APPLICABILITY DATE."

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

16 **Section 1.** Section 15-65-111, MCA, is amended to read:

17 "15-65-111. Tax rate. (1) There is imposed on the user  
 18 of a facility a tax at a rate equal to ~~4%~~ 7% of the  
 19 accommodation charge collected by the facility.

20 (2) Accommodation charges do not include charges for  
 21 rooms used for purposes other than lodging."

22 **Section 2.** Section 15-65-121, MCA, is amended to read:

23 "15-65-121. Distribution of tax proceeds -- general  
 24 fund loan authority. (1) The proceeds of the tax imposed by  
 25 15-65-111 must be deposited in an account in the state

1 special revenue fund to the credit of the department of  
 2 revenue. ~~The department may spend from that account in~~  
 3 ~~accordance with an expenditure appropriation by the~~  
 4 ~~legislature based on an estimate of the costs of collecting~~  
 5 ~~and disbursing the proceeds of the tax.~~

6 (2) Before allocating the balance of the The tax  
 7 proceeds must be used or distributed by the department as  
 8 provided in subsections (1)(a) through (1)(c), follows:

9 (a) The department may spend from the account  
 10 established in subsection (1) in accordance with an  
 11 expenditure appropriation by the legislature, based on an  
 12 estimate of the costs of collecting and disbursing the  
 13 proceeds of the tax.

14 (b) the The department shall determine the expenditures  
 15 by state agencies for in-state lodging for each reporting  
 16 period and deduct ~~4%~~ 7% of that amount from the tax proceeds  
 17 received each reporting period. The amount deducted must be  
 18 deposited in the general fund.

19 (c) The After subtracting the amounts necessary under  
 20 subsections (2)(a) and (2)(b), the balance of the tax  
 21 proceeds received each reporting period and not deducted  
 22 pursuant to the expenditure appropriation or deposited in  
 23 the general fund is statutorily appropriated, as provided in  
 24 17-7-502, and must be transferred to an account in the state  
 25 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, for distribution by the  
department as follows:

(i) 1% 0.57% to the Montana historical society to be  
used for the installation or maintenance of roadside  
historical signs and historic sites;

(ii) 2-5% 1.43% to the university system for the  
establishment and maintenance of a Montana travel research  
program; and

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

(iii) 75% 41.4% to be used directly 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;

(iv) (A) except as provided in subsection  
(2)(c)(iv)(B), 25% 13.8% 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;

(B) if 25% 13.8% 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;  
and

(v) 42.8% to the general fund of counties and  
incorporated cities and towns for distribution as follows:

(A) \$6.75 per capita to counties, cities, and towns,  
not to exceed \$5,000, based upon the latest U.S. bureau of  
the census data or estimates available to the department at  
the time of distribution. For the distribution of the per  
capita amount, the population of a county does not include  
people living within the boundaries of an incorporated city  
or town.

(B) after the per capita distribution has been made,  
the balance based upon the origin of the tax revenue. Each  
county, city, and town shall receive a distribution based  
upon the ratio of proceeds collected within the jurisdiction  
to total statewide collections. For the purposes of the  
origin distribution, collections originating within a county  
are considered to be only those collections from facilities  
outside the corporate limits of the cities and towns in the  
county.

(3) If a city or consolidated city-county qualifies  
under this-section subsection (2)(c)(iv) 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 regional nonprofit tourism corporation in the region in which the city or consolidated city-county is located.

{3}(4) 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}(5) The department of commerce may use general fund loans for efficient implementation of this section."

**Section 3.** Section 15-65-122, MCA, is amended to read:

"15-65-122. Qualification of nonprofit entities for receipt of funds -- limitation on administrative costs. (1) The department of revenue shall provide the council with quarterly reports of regional tax proceeds and tax proceeds of cities and consolidated city-counties that qualify for disbursement of funds under 15-65-121(2)(c)(iv).

(2) ~~No--funds~~ Funds may not be disbursed to a regional nonprofit tourism corporation or nonprofit convention and visitors bureau until that entity has submitted an annual marketing plan to the council and that plan has been

approved by the council.

(3) A maximum of 20% of the funds received by a regional nonprofit tourism corporation or nonprofit convention and visitors bureau may be used for administrative purposes as defined by the council."

NEW SECTION. **Section 4.** Coordination instruction. If a general sales tax is passed and approved prior to July 1, 1993, and that general sales tax specifically provides for the distribution of sales taxes collected from accommodations to be distributed to counties and incorporated cities and towns based upon the origin of collections, then [this act] is void.

NEW SECTION. **Section 5.** Effective date -- applicability. [This act] is effective July 1, 1993, and applies to accommodations charges collected by a facility after June 30, 1993, regardless of when the use of the facility took place.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0591, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the accommodations tax from 4 percent to 7 percent; providing that the increased amount be distributed to counties and incorporated cities and towns on both a per capita basis and on the basis of the origin of collections; providing that this act is void if a general sales tax provides for distribution of sales tax revenue based upon the origin of collections; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. A general sales tax with provisions to distribute tax receipts collected from accommodations to local governments will not be passed or approved before July 1, 1993 (MDOR).
2. Current law accommodations tax collections are \$7,652,000 in FY94 and \$7,823,000 in FY95 (LFA).
3. Total expenditures on accommodations in Montana are \$191,300,000 in FY94 and \$195,575,000 in FY95 (MDOR).
4. The population counts for counties and incorporated cities and towns as contained in the 1990 census are the most recent data available for the per capita distribution (MDOR).
5. Under current law, DOR accommodations tax administrative costs are \$85,000 in FY94 and \$85,000 in FY95 (MDOR).
6. State agency in-state travel expenditures are 1.32% of total collections in both FY94 and FY95 (MDOR).
7. Non-profit regional tourism corporations and local convention centers will receive the entire distribution allocated to them under the both current and proposed law (MDOR).
8. One quarter of accommodations tax revenue will be affected by the 0.28% surtax in FY94. This revenue is assumed to be distributed 100% to the general fund and will not be affected by the proposed legislation (MDOR).

FISCAL IMPACT:Expenditures: (Department of Revenue)

|                    | FY '94      |              |            | FY '95      |              |            |
|--------------------|-------------|--------------|------------|-------------|--------------|------------|
|                    | Current Law | Proposed Law | Difference | Current Law | Proposed Law | Difference |
| Personal Services  | 52,314      | 52,314       | 0          | 52,314      | 52,314       | 0          |
| Operating Expenses | 32,686      | 33,286       | 600        | 32,686      | 33,286       | 600        |
| Equipment          | 0           | 0            | 0          | 0           | 0            | 0          |
| Total              | 85,000      | 85,600       | 600        | 85,000      | 85,600       | 600        |

There will be an additional \$23,915 of operating expenses in FY93 to automate the computer system to service the proposed law distributions (state special revenue).

(Over)

*David Lewis* 2-17-93

DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

*Norm Wallin* 2/17

NORM WALLIN, PRIMARY SPONSOR DATE

Fiscal Note for HB0591, as introduced

**HB 591**

Revenues:

|                    | FY '94             |                     |                   | FY '95             |                     |                   |
|--------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
|                    | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| Accommodations Tax | 7,652,000          | 13,391,000          | 5,739,000         | 7,823,000          | 13,690,000          | 5,867,000         |

Fund Distribution (Rounded to nearest \$1,000):

|                                    | FY '94             |                     |                   | FY '95             |                     |                   |
|------------------------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
|                                    | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| DOR Expenses                       | 85,000             | 86,000              | 1,000             | 85,000             | 86,000              | 1,000             |
| General Fund (State Travel Refund) | 101,000            | 177,000             | 76,000            | 103,000            | 181,000             | 78,000            |
| Historical Society                 | 75,000             | 75,000              | 0                 | 76,000             | 77,000              | 1,000             |
| Montana Travel Research            | 187,000            | 188,000             | 1,000             | 191,000            | 192,000             | 1,000             |
| DOC Travel Promotion               | 5,403,000          | 5,435,000           | 32,000            | 5,526,000          | 5,557,000           | 31,000            |
| Regional Tourism Corps.            | 1,801,000          | 1,811,000           | 10,000            | 1,842,000          | 1,852,000           | 10,000            |
| <u>Local Governments</u>           | <u>0</u>           | <u>5,619,000</u>    | <u>5,619,000</u>  | <u>0</u>           | <u>5,745,000</u>    | <u>5,745,000</u>  |
| Total                              | 7,652,000          | 13,391,000          | 5,739,000         | 7,823,000          | 13,690,000          | 5,867,000         |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The above section lists the total impact to local governments.

TECHNICAL NOTES:

In the proposed legislation, the distribution of funds (to regional non-profit tourism corporations) located in MCA, 15-65-121(2)(c)(iv)(a) appears to be the responsibility of the Department of Revenue. Under current law, the Department of Commerce makes this distribution. If this is not the sponsor's intent, the above-mentioned section should be changed to reflect current law.

HB 591

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0591, second reading.

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the accommodations tax from 4 percent to 5 percent; providing that the increased amount be deposited in the general fund; diverting a portion of the lodging facility use tax to counties and incorporated cities and towns on the basis of the origin of collections; providing that this act is void if a general sales tax provides for distribution of sales tax revenue based upon the origin of collections; and providing an effective date and an applicability date.

ASSUMPTIONS:

1. A general sales tax with provisions to distribute tax receipts collected from accommodations to local governments will not be passed or approved before July 1, 1993 (MDOR).
2. Current law accommodations tax collections are \$7,652,000 in FY94 and \$7,823,000 in FY95 (LFA).
3. Total expenditures on accommodations in Montana are \$191,300,000 in FY94 and \$195,575,000 in FY95 (MDOR).
4. The population counts for counties and incorporated cities and towns as contained in the 1990 census are the most recent data available for the per capita distribution (MDOR).
5. Under current law, DOR accommodations tax administrative costs are \$85,000 in FY94 and \$85,000 in FY95 (MDOR).
6. State agency in-state travel expenditures are 1.32% of total collections in both FY94 and FY95 (MDOR).
7. Non-profit regional tourism corporations and local convention centers will receive the entire distribution allocated to them under the both current and proposed law (MDOR).
8. One quarter of accommodations tax revenue will be affected by the 0.28% surtax in FY94. This revenue is assumed to be distributed 100% to the general fund and will not be affected by the proposed legislation (MDOR).

FISCAL IMPACT:Expenditures: (Department of Revenue)

|                    | FY '94      |              |            | FY '95      |              |            |
|--------------------|-------------|--------------|------------|-------------|--------------|------------|
|                    | Current Law | Proposed Law | Difference | Current Law | Proposed Law | Difference |
| Personal Services  | 52,314      | 52,314       | 0          | 52,314      | 52,314       | 0          |
| Operating Expenses | 32,686      | 33,286       | 600        | 32,686      | 33,286       | 600        |
| Equipment          | 0           | 0            | 0          | 0           | 0            | 0          |
| Total              | 85,000      | 85,600       | 600        | 85,000      | 85,600       | 600        |

There will be an additional \$23,915 of operating expenses in FY93 to automate the computer system to service the proposed law distributions (state special revenue).

(Over)

*David Lewis* 3-22-93  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*Norm Wallin* 3-22-93  
 NORM WALLIN, PRIMARY SPONSOR DATE

Fiscal Note for HB0591, second reading

HB 591-#2



Revenues:

|                    | <u>FY '94</u>      |                     |                   | <u>FY '95</u>      |                     |                   |
|--------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
|                    | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| Accommodations Tax | 7,652,000          | 9,566,000           | 1,914,000         | 7,823,000          | 9,780,000           | 1,957,000         |

Fund Distribution (Rounded to nearest \$1,000):

|                         | <u>FY '94</u>      |                     |                   | <u>FY '95</u>      |                     |                   |
|-------------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|
|                         | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> | <u>Current Law</u> | <u>Proposed Law</u> | <u>Difference</u> |
| OR Expenses             | 85,000             | 86,000              | 1,000             | 85,000             | 86,000              | 1,000             |
| General Fund            | 101,000            | 2,043,000           | 1,942,000         | 103,000            | 2,090,000           | 1,987,000         |
| Historical Society      | 75,000             | 75,000              | 0                 | 76,000             | 77,000              | 1,000             |
| Montana Travel Research | 187,000            | 187,000             | 0                 | 191,000            | 191,000             | 0                 |
| OC Travel Promotion     | 5,403,000          | 4,490,000           | (913,000)         | 5,526,000          | 4,591,000           | (935,000)         |
| Regional Tourism Corps. | 1,801,000          | 1,497,000           | (304,000)         | 1,842,000          | 1,530,000           | (312,000)         |
| County General Funds    | 0                  | 1,188,000           | 1,188,000         | 0                  | 1,215,000           | 1,215,000         |
| Total                   | 7,652,000          | 9,566,000           | 1,914,000         | 7,823,000          | 9,780,000           | 1,957,000         |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The above section lists the total impact to local governments.

HB 591-#2

APPROVED BY COMMITTEE  
ON TAXATIONHOUSE BILL NO. 591  
INTRODUCED BY WALLIN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE ACCOMMODATIONS TAX FROM 4 PERCENT TO 7 5 PERCENT; PROVIDING THAT THE INCREASED AMOUNT BE ~~DISTRIBUTED~~ DEPOSITED IN THE GENERAL FUND; DIVERTING A PORTION OF THE PROCEEDS FROM THE LODGING FACILITY USE TAX TO COUNTIES AND INCORPORATED CITIES AND TOWNS ON BOTH A PER-CAPITA BASIS AND ON THE BASIS OF THE ORIGIN OF COLLECTIONS; PROVIDING THAT THIS ACT IS VOID IF A GENERAL SALES TAX PROVIDES FOR DISTRIBUTION OF SALES TAX REVENUE BASED UPON THE ORIGIN OF COLLECTIONS; AMENDING SECTIONS 15-65-111, 15-65-121, AND 15-65-122, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 15-65-111, MCA, is amended to read:

"15-65-111. Tax rate. (1) There is imposed on the user of a facility a tax at a rate equal to ~~4%~~ 7 5 of the accommodation charge collected by the facility.

(2) Accommodation charges do not include charges for rooms used for purposes other than lodging."

**Section 2.** Section 15-65-121, MCA, is amended to read:

"15-65-121. 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.~~

(2) ~~Before allocating the balance of the~~ The tax proceeds must be used or distributed by the department as provided in subsections (1)(a) through (1)(c), follows:

(a) The department may spend from the account established in subsection (1) 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.

(b) the ~~The~~ department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct ~~4%~~ 7 5 of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the general fund.

(c) The ~~After subtracting the amounts necessary under subsections (2)(a) and (2)(b), 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; for distribution by the department as follows:

(a)(i) 1% 0.57% 0.8% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b)(ii) 2.5% 1.43% 2% to the university system for the establishment and maintenance of a Montana travel research program; and

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

(i)(iii) 75% 41.4% 64% TO THE CREDIT OF THE DEPARTMENT OF COMMERCE FOR DISTRIBUTION AS FOLLOWS:

(A) 75% to be used directly 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;

(i)(iv)-(A)(B) except as provided in subsection (i)(c)(iii) (2)(c)(iv)(B) (2)(C)(III)(C), 25% 13.8% 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;

(i)(B)(C) if 25% 13.8% 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; and

(iv)(IV) 42.8% 12.7% to the general fund of counties and incorporated cities and towns for distribution as follows:

(A) -\$6.75-per-capita-to-counties;--cities;--and--towns; not--to--exceed-\$5,000;--based-upon-the-latest-U.S.-bureau-of-the-census-data-or-estimates-available-to-the-department--at the--time--of--distribution;--For-the-distribution-of-the-per capita-amount;--the-population-of-a-county-does--not--include people--living-within-the-boundaries-of-an-incorporated-city or-town;

(B) --after-the-per-capita-distribution--has--been--made; the--balance--based-upon-the-origin-of-the-tax-revenue. Each county, city, and town shall receive a distribution based upon the ratio of proceeds collected within the jurisdiction to total statewide collections. For the purposes of the origin distribution, collections originating within a county are considered to be only those collections from facilities outside the corporate limits of the cities and towns in the

1 county.

2 (V) 20.5% TO THE STATE GENERAL FUND.

3 ~~(2)(3)~~ If a city or consolidated city-county qualifies  
4 under ~~this-section subsection (2)(c)(iv)~~ (2)(C)(III)(C) for  
5 funds but fails to either recognize a nonprofit convention  
6 and visitors bureau or submit and gain approval for an  
7 annual marketing plan as required in 15-65-122, then those  
8 funds must be allocated to the regional nonprofit tourism  
9 corporation in the region in which the city or consolidated  
10 city-county is located.

11 ~~(3)(4)~~ If a regional nonprofit tourism corporation  
12 fails to submit and gain approval for an annual marketing  
13 plan as required in 15-65-122, then those funds otherwise  
14 allocated to the regional nonprofit tourism corporation may  
15 be used by the department of commerce for tourism promotion  
16 and promotion of the state as a location for the production  
17 of motion pictures and television commercials.

18 ~~(4)(5)~~ The department of commerce may use general fund  
19 loans for efficient implementation of this section."

20 **Section 3.** Section 15-65-122, MCA, is amended to read:

21 "15-65-122. Qualification of nonprofit entities for  
22 receipt of funds -- limitation on administrative costs. (1)  
23 The department of revenue shall provide the council with  
24 quarterly reports of regional tax proceeds and tax proceeds  
25 of cities and consolidated city-counties that qualify for

1 disbursement of funds under  
2 15-65-121~~(2)(c)(iv)~~ (2)(C)(III)(C).

3 (2) ~~No--funds~~ Funds may not be disbursed to a regional  
4 nonprofit tourism corporation or nonprofit convention and  
5 visitors bureau until that entity has submitted an annual  
6 marketing plan to the council and that plan has been  
7 approved by the council.

8 (3) A maximum of 20% of the funds received by a  
9 regional nonprofit tourism corporation or nonprofit  
10 convention and visitors bureau may be used for  
11 administrative purposes as defined by the council."

12 **NEW SECTION. Section 4.** Coordination instruction. If a  
13 general sales tax is passed and approved prior to July 1,  
14 1993, and that general sales tax specifically provides for  
15 the distribution of sales taxes collected from  
16 accommodations to be distributed to counties and  
17 incorporated cities and towns based upon the origin of  
18 collections, then [this act] is void.

19 **NEW SECTION. Section 5.** Effective date --  
20 applicability. [This act] is effective July 1, 1993, and  
21 applies to accommodations charges collected by a facility  
22 after June 30, 1993, regardless of when the use of the  
23 facility took place.

-End-

## HOUSE BILL NO. 591

INTRODUCED BY WALLIN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE ACCOMMODATIONS TAX FROM 4 PERCENT TO 7 5 PERCENT; PROVIDING THAT THE INCREASED AMOUNT BE DISTRIBUTED DEPOSITED IN THE GENERAL FUND; DIVERTING A PORTION OF THE PROCEEDS FROM THE LODGING FACILITY USE TAX TO COUNTIES AND INCORPORATED CITIES AND TOWNS ON BOTH A PER-CAPITA BASIS AND ON THE BASIS OF THE ORIGIN OF COLLECTIONS; PROVIDING THAT THIS ACT IS VOID IF A GENERAL SALES TAX PROVIDES FOR DISTRIBUTION OF SALES TAX REVENUE BASED UPON THE ORIGIN OF COLLECTIONS; AMENDING SECTIONS 15-65-111, 15-65-121, AND 15-65-122, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 15-65-111, MCA, is amended to read:

"15-65-111. Tax rate. (1) There is imposed on the user of a facility a tax at a rate equal to 4% 7 5% of the accommodation charge collected by the facility.

(2) Accommodation charges do not include charges for rooms used for purposes other than lodging."

**Section 2.** Section 15-65-121, MCA, is amended to read:

"15-65-121. 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~~

(2) Before allocating the balance of the The tax proceeds must be used or distributed by the department as provided in subsections (1)(a) through (1)(c), follows:

(a) The department may spend from the account established in subsection (1) 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.

(b) the The department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% 7 5% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the general fund.

(c) The After subtracting the amounts necessary under subsections (2)(a) and (2)(b), 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, for distribution by the department as follows:

(a)(i) ~~1%~~ 0.57% ~~0.8%~~ to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b)(ii) ~~2.5%~~ 1.43% ~~2%~~ to the university system for the establishment and maintenance of a Montana travel research program; and

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

(i)(iii) ~~75%~~ 41.4% ~~64%~~ TO THE CREDIT OF THE DEPARTMENT OF COMMERCE FOR DISTRIBUTION AS FOLLOWS:

(A) ~~75%~~ to be used directly 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;

(i)(i)(iv)-(A)(B) except as provided in subsection (i)(c)(iii) ~~(2)(C)(III)(C)~~, ~~25%~~ 13.8% ~~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;

(i)(i)(B)(C) if ~~25%~~ 13.8% ~~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; and

(v)(IV) ~~42.8%~~ 12.7% to the general fund of counties and incorporated cities and towns for distribution as follows:

(A)--~~\$6.75-per-capita-to-counties,--cities,--and--towns, not--to--exceed--\$5,000,--based-upon-the-latest-U.S.-bureau-of-the-census-data-or-estimates-available-to-the-department--at the--time--of--distribution. For the distribution of the per capita amount, the population of a county does--not--include people--living-within-the-boundaries-of-an-incorporated-city or-town.~~

(B)--after the per capita distribution has been made, the balance based upon the origin of the tax revenue. Each county, city, and town shall receive a distribution based upon the ratio of proceeds collected within the jurisdiction to total statewide collections. For the purposes of the origin distribution, collections originating within a county are considered to be only those collections from facilities outside the corporate limits of the cities and towns in the

1 county.

2 (V) 20.5% TO THE STATE GENERAL FUND.

3 (2)(3) If a city or consolidated city-county qualifies  
4 under this section subsection (2)(c)(iv) (2)(C)(III)(C) for  
5 funds but fails to either recognize a nonprofit convention  
6 and visitors bureau or submit and gain approval for an  
7 annual marketing plan as required in 15-65-122, then those  
8 funds must be allocated to the regional nonprofit tourism  
9 corporation in the region in which the city or consolidated  
10 city-county is located.

11 (3)(4) If a regional nonprofit tourism corporation  
12 fails to submit and gain approval for an annual marketing  
13 plan as required in 15-65-122, then those funds otherwise  
14 allocated to the regional nonprofit tourism corporation may  
15 be used by the department of commerce for tourism promotion  
16 and promotion of the state as a location for the production  
17 of motion pictures and television commercials.

18 (4)(5) The department of commerce may use general fund  
19 loans for efficient implementation of this section."

20 **Section 3.** Section 15-65-122, MCA, is amended to read:

21 "15-65-122. Qualification of nonprofit entities for  
22 receipt of funds -- limitation on administrative costs. (1)  
23 The department of revenue shall provide the council with  
24 quarterly reports of regional tax proceeds and tax proceeds  
25 of cities and consolidated city-counties that qualify for

1 disbursement of funds under  
2 15-65-121(2)(c)(iv)(2)(C)(III)(C).

3 (2) No--funds Funds may not be disbursed to a regional  
4 nonprofit tourism corporation or nonprofit convention and  
5 visitors bureau until that entity has submitted an annual  
6 marketing plan to the council and that plan has been  
7 approved by the council.

8 (3) A maximum of 20% of the funds received by a  
9 regional nonprofit tourism corporation or nonprofit  
10 convention and visitors bureau may be used for  
11 administrative purposes as defined by the council."

12 **NEW SECTION. Section 4.** Coordination instruction. If a  
13 general sales tax is passed and approved prior to July 1,  
14 1993, and that general sales tax specifically provides for  
15 the distribution of sales taxes collected from  
16 accommodations to be distributed to counties and  
17 incorporated cities and towns based upon the origin of  
18 collections, then [this act] is void.

19 **NEW SECTION. Section 5.** Effective date  
20 applicability. (This act) is effective July 1, 1993, and  
21 applies to accommodations charges collected by a facility  
22 after June 30, 1993, regardless of when the use of the  
23 facility took place.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 3  
April 14, 1993

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 591 (third reading copy -- blue), respectfully report that House Bill No. 591 be amended as follows and as so amended be concurred in.

Signed: 

Senator Mike Halligan, Chair

That such amendments read:

1. Title, line 6.

Following: "THAT"

Insert: "A PORTION OF"

2. Title, lines 7 and 8.

Strike: "DIVERTING" on line 7

Insert: "ALLOCATING"

Strike: "PROCEEDS" on line 7 through "TAX" on line 8

Insert: "INCREASED AMOUNT"

3. Title, line 10.

Following: "COLLECTIONS;"

Insert: "EXPANDING THE PERMISSIBLE USES OF THE LODGING FACILITY  
USE TAX DEDICATED TO THE MONTANA HISTORICAL SOCIETY;"

4. Title, lines 11 and 12.

Following: the first "TAX" on 11

Strike: the remainder of line 11 through "COLLECTIONS" on line 12

Insert: "IS ENACTED PRIOR TO JULY 1, 1993; PROVIDING AN  
APPROPRIATION"

5. Title, line 14.

Strike: the first "AN"

Strike: "DATE"

Insert: "DATES"

6. Page 3, line 9.

Following: "sites"

Insert: "and for tours of the state capitol and the original  
governor's mansion"

7. Page 3, line 14.

Strike: "64%"

Insert: "76.7%"

8. Page 3, line 16.

Following: "75%"

Insert: "{68%}"

9. Page 4, line 9.

Following: "and" on line 8

Insert: "[and (D) 7% to the department of fish, wildlife, and  
parks for the maintenance of facilities in state parks that  
have both resident and nonresident use, subject to [section  
2 of House Bill No. 642, regarding department maintenance of  
state parks];]"

10. Page 4, line 9.

Strike: "12.7%"

Insert: "10.25%"

11. Page 5, line 2.

Strike: "20.5%"

Insert: "10.25%"

12. Page 6, line 12.

Following: line 11

Insert: "NEW SECTION. Section 4. Appropriation. There is  
appropriated \$23,915 from the state special revenue fund,  
established under 15-65-121(1), to the department of revenue  
for fiscal year 1993 for computer costs required for the  
distribution of tax proceeds under [this act]."

Renumber: subsequent sections

13. Page 6, line 12.

Following: "instruction."

Insert: "(1)"

14. Page 6, lines 14 through 18.


Following: "1993," on line 14

Strike: the remainder of line 14 through "collections," on line  
18

15. Page 6, line 19.

Following: line 18

Insert: "(2) If [this act] and House Bill No. 642 are both  
passed and approved, then [sections 1 and 4 of House Bill  
No. 642, amending 15-65-121 and providing a coordination  
instruction, respectively] are void and the bracketed  
language in 15-65-121(2)(c)(iii)(A) and (2)(c)(iii)(D) in  
[this act] is effective."

 Amd. Coord.  
Sec. of Senate

Van Valkenburg  
Senator Carrying Bill

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Page 2 of 3  
April 14, 1993

HB 591

SENATE

821556SC.San



Page 3 of 3  
April 14, 1993

16. Page 6, line 19.

Strike: "date"

Insert: "dates"

17. Page 6, line 20.

Following: "applicability."

Insert: "{1}"

Strike: "{This act}"

Insert: "[Sections 1 through 3 and 5]"

Strike: "is"

Insert: "are"

18. Page 6.

Following: line 23

Insert: "(2) [Section 4 and this section] are effective on  
passage and approval."

-END-

## HOUSE BILL NO. 591

INTRODUCED BY WALLIN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE ACCOMMODATIONS TAX FROM 4 PERCENT TO 7 5 PERCENT; PROVIDING THAT A PORTION OF THE INCREASED AMOUNT BE DISTRIBUTED DEPOSITED IN THE GENERAL FUND; ~~DIVERTING~~ ALLOCATING A PORTION OF THE PROCEEDS FROM THE LODGING FACILITY USE TAX INCREASED AMOUNT TO COUNTIES AND INCORPORATED CITIES AND TOWNS ON BOTH A PER CAPITA BASIS AND ON THE BASIS OF THE ORIGIN OF COLLECTIONS; EXPANDING THE PERMISSIBLE USES OF THE LODGING FACILITY USE TAX DEDICATED TO THE MONTANA HISTORICAL SOCIETY; PROVIDING THAT THIS ACT IS VOID IF A GENERAL SALES TAX PROVIDES FOR DISTRIBUTION OF SALES TAX REVENUE BASED UPON THE ORIGIN OF COLLECTIONS IS ENACTED PRIOR TO JULY 1, 1993; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 15-65-111, 15-65-121, AND 15-65-122, MCA; AND PROVIDING AN EFFECTIVE DATE DATES AND AN APPLICABILITY DATE."

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

**Section 1.** Section 15-65-111, MCA, is amended to read:

"15-65-111. Tax rate. (1) There is imposed on the user of a facility a tax at a rate equal to ~~4 7~~ 7 5 of the accommodation charge collected by the facility.

(2) Accommodation charges do not include charges for

rooms used for purposes other than lodging."

**Section 2.** Section 15-65-121, MCA, is amended to read:

"15-65-121. 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.~~

(2) ~~Before allocating the balance of the~~ The tax proceeds must be used or distributed by the department as provided in subsections (1)(a) through (1)(c), follows:

(a) The department may spend from the account established in subsection (1) 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.

(b) the The department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct ~~4 7~~ 7 5 of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the general fund.

(c) The After subtracting the amounts necessary under subsections (2)(a) and (2)(b), the balance of the tax

1 proceeds received each reporting period and not deducted  
 2 pursuant to the expenditure appropriation or deposited in  
 3 the general fund is statutorily appropriated, as provided in  
 4 17-7-502, and must be transferred to an account in the state  
 5 special revenue fund to the credit of the department of  
 6 commerce for tourism promotion and promotion of the state as  
 7 a location for the production of motion pictures and  
 8 television commercials, to the Montana historical society,  
 9 and to the university system, for distribution by the  
 10 department as follows:

11 (a)(i) 1% 0.57% 0.8% to the Montana historical society  
 12 to be used for the installation or maintenance of roadside  
 13 historical signs and historic sites AND FOR TOURS OF THE  
 14 STATE CAPITOL AND THE ORIGINAL GOVERNOR'S MANSION;

15 (b)(ii) 2.5% 1.43% 2% to the university system for the  
 16 establishment and maintenance of a Montana travel research  
 17 program; and

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

19 (i)(iii) 75% 41.4% 64% 76.7% TO THE CREDIT OF THE  
 20 DEPARTMENT OF COMMERCE FOR DISTRIBUTION AS FOLLOWS:

21 (A) 75% [68%] to be used directly by the department of  
 22 commerce for tourism promotion and promotion of the state as  
 23 a location for the production of motion pictures and  
 24 television commercials;

25 (i)(iv)-(A)(B) except as provided in subsection

1 (i)(c)(iii) (2)(c)(iv)(B) (2)(C)(III)(C), 25% 13.8% 25% to  
 2 be distributed by the department to regional nonprofit  
 3 tourism corporations in the ratio of the proceeds collected  
 4 in each tourism region to the total proceeds collected  
 5 statewide;

6 (iii)(B)(C) if 25% 13.8% 25% of the proceeds collected  
 7 annually within the limits of a city or consolidated  
 8 city-county exceeds \$35,000, 50% of the amount available for  
 9 distribution to the regional nonprofit tourism corporation  
 10 in the region where the city or consolidated city-county is  
 11 located is to be distributed to the nonprofit convention and  
 12 visitors bureau in that city or consolidated city-county;  
 13 and [AND

14 (D) 7% TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS  
 15 FOR THE MAINTENANCE OF FACILITIES IN STATE PARKS THAT HAVE  
 16 BOTH RESIDENT AND NONRESIDENT USE, SUBJECT TO [SECTION 2 OF  
 17 HOUSE BILL NO. 642, REGARDING DEPARTMENT MAINTENANCE OF  
 18 STATE PARKS];]

19 (v)(IV) 42.8% 12.7% 10.25% to the general fund of  
 20 counties and incorporated cities and towns for distribution  
 21 as follows:

22 (A) \$6.75 per capita to counties, cities, and towns,  
 23 not to exceed \$5,000, based upon the latest U.S. bureau of  
 24 the census data or estimates available to the department at  
 25 the time of distribution. For the distribution of the per

1 ~~capita--amount,--the-population-of-a-county-does-not-include~~  
 2 ~~people-living-within-the-boundaries-of-an-incorporated--city~~  
 3 ~~or-town~~

4 ~~(B)--after--the--per--capita-distribution-has-been-made,~~  
 5 ~~the-balance-based-upon-the-origin-of-the-tax--revenue.~~ Each  
 6 county, city, and town shall receive a distribution based  
 7 upon the ratio of proceeds collected within the jurisdiction  
 8 to total statewide collections. For the purposes of the  
 9 origin distribution, collections originating within a county  
 10 are considered to be only those collections from facilities  
 11 outside the corporate limits of the cities and towns in the  
 12 county.

13 ~~(V) 20-5% 10.25% TO THE STATE GENERAL FUND.~~

14 ~~(2)(3)~~ If a city or consolidated city-county qualifies  
 15 under ~~this-section subsection (2)(c)(iv) (2)(C)(III)(C)~~ for  
 16 funds but fails to either recognize a nonprofit convention  
 17 and visitors bureau or submit and gain approval for an  
 18 annual marketing plan as required in 15-65-122, then those  
 19 funds must be allocated to the regional nonprofit tourism  
 20 corporation in the region in which the city or consolidated  
 21 city-county is located.

22 ~~(3)(4)~~ If a regional nonprofit tourism corporation  
 23 fails to submit and gain approval for an annual marketing  
 24 plan as required in 15-65-122, then those funds otherwise  
 25 allocated to the regional nonprofit tourism corporation may

1 be used by the department of commerce for tourism promotion  
 2 and promotion of the state as a location for the production  
 3 of motion pictures and television commercials.

4 ~~(4)(5)~~ The department of commerce may use general fund  
 5 loans for efficient implementation of this section."

6 **Section 3.** Section 15-65-122, MCA, is amended to read:

7 "15-65-122. Qualification of nonprofit entities for  
 8 receipt of funds -- limitation on administrative costs. (1)  
 9 The department of revenue shall provide the council with  
 10 quarterly reports of regional tax proceeds and tax proceeds  
 11 of cities and consolidated city-counties that qualify for  
 12 disbursement of funds under  
 13 15-65-121~~(2)(c)(iv)~~(2)(C)(III)(C).

14 (2) ~~No-funds~~ Funds may not be disbursed to a regional  
 15 nonprofit tourism corporation or nonprofit convention and  
 16 visitors bureau until that entity has submitted an annual  
 17 marketing plan to the council and that plan has been  
 18 approved by the council.

19 (3) A maximum of 20% of the funds received by a  
 20 regional nonprofit tourism corporation or nonprofit  
 21 convention and visitors bureau may be used for  
 22 administrative purposes as defined by the council."

23 **NEW SECTION. SECTION 4. APPROPRIATION.** THERE IS  
 24 APPROPRIATED \$23,915 FROM THE STATE SPECIAL REVENUE FUND,  
 25 ESTABLISHED UNDER 15-65-121(1), TO THE DEPARTMENT OF REVENUE

1 FOR FISCAL YEAR 1993 FOR COMPUTER COSTS REQUIRED FOR THE  
2 DISTRIBUTION OF TAX PROCEEDS UNDER [THIS ACT].

3 NEW SECTION. Section 5. Coordination instruction. (1)

4 If a general sales tax is passed and approved prior to July  
5 1, 1993, and--that-general-sales-tax-specifically-provides  
6 for--the--distribution--of--sales---taxes---collected---from  
7 accommodations---to---be---distributed---to---counties---and  
8 incorporated--cities--and--towns--based--upon--the-origin-of  
9 collections; then [this act] is void.

10 (2) IF [THIS ACT] AND HOUSE BILL NO. 642 ARE BOTH  
11 PASSED AND APPROVED, THEN [SECTIONS 1 AND 4 OF HOUSE BILL  
12 NO. 642, AMENDING 15-65-121 AND PROVIDING A COORDINATION  
13 INSTRUCTION, RESPECTIVELY] ARE VOID AND THE BRACKETED  
14 LANGUAGE IN 15-65-121(2)(C)(III)(A) AND (2)(C)(III)(D) IN  
15 [THIS ACT] IS EFFECTIVE.

16 NEW SECTION. Section 6. Effective date DATES --  
17 applicability. (1) [This-act] [SECTIONS 1 THROUGH 3 AND 5]  
18 is ARE effective July 1, 1993, and apply to accommodations  
19 charges collected by a facility after June 30, 1993,  
20 regardless of when the use of the facility took place.

21 (2) [SECTION 4 AND THIS SECTION] ARE EFFECTIVE ON  
22 PASSAGE AND APPROVAL.

-End-

Conference Committee  
on House Bill 591  
Report No.1, April 21, 1993

Page 1 of 1

Mr. Speaker and Mr. President:

We, your Conference Committee on House Bill 591 met and considered :

1. Senate Taxation Committee amendments dated April 14, 1993  
and recommend that House Bill 591 (reference copy -- salmon) be amended as follows:


1. Accept the Senate Taxation Committee amendments of April 14, 1993


Further, that this Conference Committee report be adopted.

For the House:


For the Senate:

  
Rep. Wallin, Chair

  
Sen. Van Valkenburg, Chair

  
Rep. R. Johnson

  
Sen. Blaylock

  
Rep. Galvin

  
Sen. B. Brown

ADOPT  
REJECT

CORRECTED  
C.C.R. #1  
HB 591  
880829CC.Hpf