

HOUSE BILL 3

Introduced by Galvin

11/23	Introduced
11/24	Referred to Taxation
11/29	First Reading
11/29	Hearing
12/01	Fiscal Note Requested
	Died in Committee

HOUSE BILL NO. 3
INTRODUCED BY GALVIN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE ACCOMMODATION TAX FROM 4 PERCENT TO 8 PERCENT; PROVIDING THAT THE ADDITIONAL REVENUE BE DISTRIBUTED TO THE STATE GENERAL FUND; PROVIDING THAT COUNTIES, CITIES, AND TOWNS MAY IMPOSE AN ADDITIONAL 1 PERCENT ACCOMMODATION TAX TO BE DEPOSITED IN THEIR RESPECTIVE GENERAL FUNDS; AMENDING SECTIONS 15-65-111, 15-65-121, 15-65-122, 15-65-131, 23-1-131, AND 60-2-224, MCA; AND PROVIDING AN IMMEDIATE 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%~~ 8% of the accommodation charge collected by the facility, plus any additional amount under [section 2]."

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

NEW SECTION. Section 2. Local option accommodation tax. (1) The governing body of a county, consolidated city-county, city, or town may impose a 1% accommodation tax on facilities within its boundaries. The tax is in addition

to the tax imposed pursuant to 15-65-111 and must be imposed by the governing body by resolution, for a county, or by ordinance, for a consolidated city-county, city, or town. The tax is effective on the first day of the next calendar quarter that falls at least 45 days after passage of the resolution or ordinance. A copy of the resolution or ordinance must be provided to the department of revenue within 15 days of passage.

(2) The tax is subject to all provisions of this chapter except that, after the deduction required by subsection (3), all revenue generated by the additional tax must be distributed by the department to the local government imposing the tax, to be deposited in the general fund of the local government.

(3) Prior to distributing the tax to the local government unit, the department shall deduct a state employee reimbursement equal to 1% of the amount that state agencies expended for lodging within the boundaries of the local government unit in the last reporting period. The amount deducted must be deposited in the state general fund.

Section 3. 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 and [section 2] must, in accordance with the provisions of 15-1-501(6), be deposited in an account in the

1 state special revenue fund to the credit of the department
2 of 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. Before allocating~~
6 ~~the balance of the~~

7 (2) The department shall distribute local option
8 accommodation tax revenue to counties, consolidated
9 city-counties, cities, and towns as provided in [section 2].

10 (3) The tax proceeds collected under 15-65-111 must be
11 used or distributed by the department in accordance with the
12 provisions of 15-1-501(6) and as provided in subsections
13 (1)(a) through (1)(d), this section.

14 (4) The department may recover the costs of collecting
15 and disbursing the proceeds of the tax in accordance with an
16 appropriation established by the legislature.

17 (5) The department shall determine the expenditures
18 by state agencies for in-state lodging for each reporting
19 period and deduct 4% 8% of that amount from the tax proceeds
20 received each reporting period. The amount deducted must be
21 deposited in the general fund.

22 (6) After subtracting the amounts necessary for
23 subsections (2), (4), and (5), 50% of the balance of the tax
24 proceeds received each reporting period and not deducted
25 pursuant to the expenditure appropriation or deposited in

1 the general fund must be deposited in the general fund and
2 the remaining balance is statutorily appropriated, as
3 provided in 17-7-502, and must be transferred to an account
4 in the state special revenue fund to the credit of the
5 department of commerce for tourism promotion and promotion
6 of the state as a location for the production of motion
7 pictures and television commercials, to the Montana
8 historical society, to the university system, and to the
9 department of fish, wildlife, and parks, for distribution by
10 the department as follows:

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

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

16 (c) 6.5% to the department of fish, wildlife, and parks
17 for the maintenance of facilities in state parks that have
18 both resident and nonresident use, subject to 23-1-131; and

19 (d) the balance of the proceeds as follows:

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

24 (ii) except as provided in subsection (1)(d)(iii)
25 (6)(d)(iii), 25% to be distributed by the department to

1 regional nonprofit tourism corporations in the ratio of the
2 proceeds collected in each tourism region to the total
3 proceeds collected statewide; and

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

11 ~~(2)~~(7) If a city or consolidated city-county qualifies
12 under ~~this-section~~ subsection (6)(d)(iii) for funds but
13 fails to either recognize a nonprofit convention and
14 visitors bureau or submit and gain approval for an annual
15 marketing plan as required in 15-65-122, then those funds
16 must be allocated to the regional nonprofit tourism
17 corporation in the region in which the city or consolidated
18 city-county is located.

19 ~~(3)~~(8) If a regional nonprofit tourism corporation
20 fails to submit and gain approval for an annual marketing
21 plan as required in 15-65-122, then those funds otherwise
22 allocated to the regional nonprofit tourism corporation may
23 be used by the department of commerce for tourism promotion
24 and promotion of the state as a location for the production
25 of motion pictures and television commercials.

1 ~~(4)~~(9) The department of commerce may use general fund
2 loans for efficient implementation of this section."

3 **Section 4.** Section 15-65-122, MCA, is amended to read:
4 "15-65-122. Qualification of nonprofit entities for
5 receipt of funds -- limitation on administrative costs. (1)
6 The department of revenue shall provide the council with
7 quarterly reports of regional tax proceeds and tax proceeds
8 of cities and consolidated city-counties that qualify for
9 disbursement of funds under 15-65-121(6)(d)(iii).

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

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

19 **Section 5.** Section 15-65-131, MCA, is amended to read:

20 "15-65-131. State agencies to account for in-state
21 lodging expenditures. Each state agency shall account for
22 in-state lodging expenditures in a manner that will enable
23 the department of revenue to determine total expenditures
24 for in-state lodging by state agencies in order to make an
25 allocation of a portion of the tax proceeds imposed by

1 15-65-111 and [section 2] to the general fund as provided in
 2 15-65-121 and [section 2]."

3 **Section 6.** Section 23-1-131, MCA, is amended to read:

4 "23-1-131. Distribution of lodging facility use tax
 5 revenue to department of fish, wildlife, and parks to
 6 maintain parks. (1) In each year of the biennium, the amount
 7 specified in 15-65-121~~(i)(e)~~ must be transferred to an
 8 account in the state special revenue fund to the credit of
 9 the department of fish, wildlife, and parks in quarterly
 10 installments.

11 (2) The department shall use the funds provided under
 12 15-65-121~~(i)(e)~~ for the maintenance of state parks that have
 13 both resident and nonresident tourist usage. The department
 14 shall by July 1 of each year report to the tourism advisory
 15 council on the identity and status of all contracts or
 16 activities funded pursuant to this section."

17 **Section 7.** Section 60-2-224, MCA, is amended to read:

18 "60-2-224. ~~(Temporary)~~ Historical society to pay cost
 19 of markers from allocation under lodging facility tax. The
 20 Montana historical society shall pay the cost of manufacture
 21 and erection of markers provided for in 60-2-222 from funds
 22 available to the society under 15-65-121~~(i)(a)~~~~-after-June~~
 23 ~~30, 1991~~, and the society shall expend up to \$10,000 each
 24 fiscal year for the purposes of 60-2-222. (Terminates July
 25 1, 1997--sec. 6, Ch. 667, L. 1989.)"

1 **NEW SECTION. Section 8.** Codification instruction.
 2 [Section 2] is intended to be codified as an integral part
 3 of Title 15, chapter 65, part 1, and the provisions of Title
 4 15, chapter 65, part 1, apply to [section 2].

5 **NEW SECTION. Section 9.** Applicability. [Section 3]
 6 applies to all collections received by the state after
 7 December 31, 1993, notwithstanding when the underlying
 8 accommodation tax was due and payable.

9 **NEW SECTION. Section 10.** Effective date. [This act] is
 10 effective on passage and approval.

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