

2020
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 2 INTRODUCED BY *Menahon* *Swanson* *Barnett* *Wise* *Kattel* *Wright* *Lash* *Wright* *Wright*

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A ONE-TIME REVENUE BOND ISSUE FOR
 5 SPECIFIED TOURISM-RELATED PROJECTS; PROVIDING THAT THE BONDS BE SERVICED BY
 6 ACCOMMODATION TAX REVENUE; PROVIDING THAT AFTER THE BONDS ARE PAID THE
 7 ACCOMMODATION TAX REVENUE BE USED FOR GRANTS FOR ADDITIONAL TOURISM-RELATED
 8 PROJECTS; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 2-15-1816 AND 15-65-121, MCA;
 9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." *Wright* *Wright* *Wright*

10
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
 13 **Section 1.** Section 2-15-1816, MCA, is amended to read:

14 **"2-15-1816. Tourism advisory council.** (1) There is created a tourism advisory council.

15 (2) The council is composed of not less than 12 members appointed by the governor from
 16 Montana's private sector travel industry and includes at least one member from Indian tribal governments,
 17 with representation from each tourism region initially established by executive order of the governor and
 18 as may be modified by the council under subsection (5).

19 (3) Members of the council shall serve staggered 3-year terms, subject to replacement at the
 20 discretion of the governor. The governor shall designate four of the initial members to serve 1-year terms
 21 and four of the initial members to serve 2-year terms.

22 (4) The council shall:

23 (a) oversee distribution of funds to regional nonprofit tourism corporations for tourism promotion
 24 and to nonprofit convention and visitors bureaus in accordance with Title 15, chapter 65, part 1, and this
 25 section;

26 (b) advise the department of commerce ~~relative~~ with regard to tourism promotion;

27 (c) advise the governor on significant matters relative to Montana's travel industry;

28 (d) prescribe allowable administrative expenses for which accommodation tax proceeds may be
 29 used by regional nonprofit tourism corporations and nonprofit convention and visitors bureaus;

30 (e) direct the university system regarding Montana travel research;



1 (f) approve all travel research programs prior to their being undertaken; ~~and~~

2 (g) encourage regional nonprofit tourism corporations to promote tourist activities on Indian
3 reservations in their regions; and

4 (h) recommend to the governor the grants to be awarded pursuant to [section 5].

5 (5) The council may modify the tourism regions established by executive order of the governor.

6 (6) The department of commerce shall adopt such rules as may be necessary to implement and
7 administer Title 15, chapter 65, part 1, and this section."

8
9 **Section 2.** Section 15-65-121, MCA, is amended to read:

10 **"15-65-121. Distribution of tax proceeds -- general fund loan authority.** (1) The proceeds of the
11 tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501(6), be deposited in an
12 account in the state special revenue fund to the credit of the department of revenue. The department may
13 spend from that account in accordance with an expenditure appropriation by the legislature based on an
14 estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of
15 the tax proceeds in accordance with the provisions of 15-1-501(6) and as provided in subsections (1)(a)
16 through (1)(d) of this section, the department shall determine the expenditures by state agencies for in-state
17 lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each
18 reporting period. The amount deducted must be deposited in the general fund. The balance of the tax
19 proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or
20 deposited in the general fund is statutorily appropriated, as provided in 17-7-502, and must be transferred
21 to an account in the state special revenue fund to the credit of the department of commerce for tourism
22 promotion and promotion of the state as a location for the production of motion pictures and television
23 commercials, to the Montana historical society, to the university system, and to the department of fish,
24 wildlife, and parks, as follows:

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

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

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

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

2 (i) subject to [section 7], 75% to be used directly by the department of commerce;

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

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

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

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

18 (4) The department of commerce may use general fund loans for efficient implementation of this
19 section."
20

21 **NEW SECTION. Section 3. Tourism-related infrastructure projects account -- uses and purposes.**

22 (1) There is an account in the state special revenue fund for tourism-related infrastructure projects. Funds
23 in the account must be administered as provided in this section.

24 (2) All proceeds of bonds issued pursuant to [section 6] must be deposited in this account.

25 (3) All accommodation tax revenue deposited pursuant to [section 7] that is not used to service
26 the bonds must be deposited in this account.

27 (4) Money and interest in the account must be used:

28 (a) subject to [section 4], for acquisition of Nevada City for an amount not to exceed the appraised
29 value or \$3 million, whichever is lower;

30 (b) for a grant not to exceed \$1.2 million to the Great Falls convention and visitors bureau for the

1 Lewis and Clark national historic trail interpretive center; and

2 (c) subject to [section 5], for grants for additional tourism promotion and tourism-related projects.
3 The purpose of the grants is to provide a source of revenue for local nonprofit convention and visitors
4 bureaus to use in securing matching funds, grants, or other money to be used for building, repairing, and
5 maintaining tourism-related projects.

6

7 **NEW SECTION. Section 4. Administration of Nevada City -- lease or sell -- conditions for**
8 **acquisition.** (1) The Montana historical society is authorized to take title of Nevada City pursuant to [section
9 3(4)(a)] and shall, subject to subsection (2) of this section, oversee the administration of the property,
10 including all of the buildings, facilities, and artifacts. The historical society shall lease or sell the property
11 to a local nonprofit corporation.

12 (2) The Montana historical society may not take title under subsection (1) until it receives a
13 contract from a local nonprofit corporation agreeing to assume full responsibility for the management,
14 maintenance, and operational costs of Nevada City and associated personal property and agreeing that
15 major changes or modifications to the property will be done only upon approval by the Montana historical
16 society.

17

18 **NEW SECTION. Section 5. Grant procedures.** (1) Applications for grants provided for in [section
19 3(4)(c)] must be submitted to the tourism advisory council through tourism regions or nonprofit convention
20 and visitors bureaus. The tourism advisory council shall adopt procedures for the review and award of
21 grants. The grants must be recommended by the council pursuant to 2-15-1816 and must be approved
22 by the governor.

23 (2) Grants may be used by a local nonprofit convention and visitors bureau as matching funds for
24 other funding sources. A grant amount from the tourism advisory council must be structured so that the
25 amount of the grant may be reduced by amounts received from other sources.

26

27 **NEW SECTION. Section 6. Authority to issue accommodation tax revenue bonds.** (1) The board
28 of examiners may issue and sell \$5 million in accommodation tax revenue bonds to finance the cost of the
29 historical tourism projects provided for in [section 3] and to pay the costs of issuing the bonds.

30 (2) All or any portion of accommodation tax revenue allocated in [section 7] may be pledged to the

1 payment of the principal, interest, and redemption premium, if any, on the bond issue, and this pledge is
2 and remains at all times a first lien and prior charge on the pledged accommodation tax revenue deposited
3 to the historical tourism bond debt service account.

4 (3) Bonds issued under this section are negotiable instruments under the Uniform Commercial Code,
5 subject only to the provisions for registration of bonds.

6 (4) The bonds, including the transfer and income of the bonds, such as any profits made on their
7 sale, are exempt from taxation by the state or any political subdivision or other instrumentality of the state,
8 except for inheritance, estate, and gift taxes.

9 (5) Bonds issued under this section are legal investments for any person or board charged with
10 investment of public funds and are acceptable as security for any deposit of public money.

11
12 **NEW SECTION. Section 7. Accommodation tax revenue bond debt service account -- deposit of**
13 **bond proceeds -- interest.** (1) There is in the debt service fund an accommodation tax revenue bond debt
14 service account.

15 (2) The department of commerce shall deposit each year in the debt service account the greater
16 of \$550,000 or 7.7%, up to a maximum of \$1 million, of the accommodation tax revenue allocated for
17 tourism-related infrastructure projects under 15-65-121.

18 (3) Private donations may be deposited to this account to service the bonds.

19 (4) All proceeds of the issue of bonds must be deposited in the account established in [section 3],
20 except that any premiums and accrued interest received may be deposited in a separate account in the debt
21 service fund established for the bond issue by resolution or indenture. No more than the principal and
22 interest on the bonds due in any year may be retained in the accommodation tax revenue bond debt service
23 account for the payment of bonds. The remainder of pledged revenue is available for authorized purposes
24 under [section 3]. Money deposited in the separate accounts in the state special revenue fund until spent
25 for projects under [section 3] may be pledged and appropriated for the payment of bonds, which are a first
26 lien and prior charge upon the funds, and the funds may be used for payment of bonds to the extent that
27 accommodation tax revenue deposited in the accommodation tax revenue bond debt service account is not
28 sufficient for such purpose.

29 (5) Interest and investment earnings on the separate accounts named in this section must be
30 retained in the separate accounts.

1 NEW SECTION. **Section 8. Appropriation.** There is appropriated from the proceeds of bonds
2 issued pursuant to [section 6], \$5 million to be used for the purposes described in [section 3].

3

4 NEW SECTION. **Section 9. Codification instruction.** [Sections 3 through 7] are intended to be
5 codified as an integral part of Title 17, chapter 5, and the provisions of Title 17, chapter 5, apply to
6 [sections 3 through 7].

7

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

9

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0580, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a one-time revenue bond issue for specified tourism-related projects; providing that the bonds be serviced by accommodation tax revenue; providing that after the bonds are paid the accommodation tax revenue be used for grants for additional tourism-related projects; providing an appropriation; and providing an immediate effective date.

ASSUMPTIONS:

1. The Board of Examiners may issue and sell \$5 million in accommodation tax revenue bonds to finance the cost of the historical tourism projects and to pay the costs of issuing the bonds.
2. There is in the debt service fund an accommodation tax revenue bond debt service account.
3. The Department of Commerce will deposit each year in the debt service account the greater of \$550,000 or 7.7%, up to a maximum of \$1 million, of the accommodation tax revenue allocated for tourism-related infrastructure projects under 15-65-121, MCA.
4. There is a state special revenue fund account for tourism-related infrastructure projects.
5. All proceeds of bonds issued and accommodation tax revenue that is deposited to the debt service account but not used to service the bonds will be deposited in the infrastructure state special revenue account.
6. Money and interest in the infrastructure account will be used for the acquisition of Nevada City for an amount not to exceed the appraised value or \$3 million, whichever is lower; for a grant not to exceed \$1.2 million to the Great Falls convention and visitors bureau for the Lewis and Clark national historic trail interpretive center; and for grants for additional tourism promotion and tourism-related projects.
7. Projected revenues, the 75% to be used directly by the Department of Commerce, are \$7.56 million for FY96 and \$7.74 million for FY97.
8. Since the accommodation tax funding in the Montana Promotion Division, Department of Commerce, is statutorily appropriated, the Executive Budget of 21.33 FTE and expenses totaling \$6,897,527 in FY96 and \$6,971,960 in FY97 is not appropriated in HB2. The Executive Budget recommendation was held to the FY94 actual level except for adjustments for inflation, the pay plan, equipment, and increases to the amount distributed for local and regional activities to coincide with projected revenues.
9. The Executive Budget includes \$1,827,000 in FY96 and \$1,881,810 in FY97 for local and regional distribution. Under the terms of this proposed legislation, the regional amounts will be reduced by \$145,530 in FY96 and \$148,995 in FY97. FY94 actual regional expenditures were \$1,698,083.
10. There is approximately \$660,000 in FY96 and \$770,000 in FY97 of unobligated Department of Commerce accommodation tax revenue based on projected revenue for the biennium and the Executive Budget proposal. The amounts will be sufficient to cover the balance needed for the debt service account.

FISCAL IMPACT:

Montana Promotions Division

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
<u>Revenues:</u>		
Montana Promotion Division SSR (02)	(436,590)	(446,985)
Regional Tourism Promotion SSR (02)	(145,530)	(148,995)
Accommodation Tax Debt Service (02)	<u>582,120</u>	<u>595,980</u>
Total	0	0

(Continued)

David Lewis 3-9-95
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Karl OHS
 KARL OHS, PRIMARY SPONSOR DATE

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The funding for the tourism regions will be maintained at approximately the FY94 actual level.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The use of bond proceeds for developing tourism related projects could result in changed visitation patterns to our state which will be a positive impact on the economies where the facilities are located and an overall advantage to the state's economy.