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House BILL NO. 295

Burnett
Raney
Cortell
Swanson
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INTRODUCED BY

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ALLOCATION AND USE OF THE LODGING FACILITY USE TAX; LIMITING THE AMOUNT OF TAX USED FOR CERTAIN PURPOSES; AUTHORIZING THE USE OF TAX PROCEEDS FOR HISTORIC PRESERVATION, TOURISM INFRASTRUCTURE, AND LAND STEWARDSHIP EASEMENTS; CREATING A PANEL TO REVIEW PROJECT APPLICATIONS AND MAKE RECOMMENDATIONS TO THE DEPARTMENT OF COMMERCE FOR FUNDING PROJECTS; AMENDING SECTION 15-65-121, MCA; AND PROVIDING AN EFFECTIVE DATE." Projela

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

Section 1. 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, in accordance with the provisions of 15-1-501, 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 in accordance with the provisions of 15-1-501 and as provided in ~~subsections (1)(a) through (1)(e)~~ of this section, 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~~. The account is statutorily appropriated, as provided in 17-7-502, for the purposes of this section. The account may be used by the department of commerce for tourism promotion, historic preservation, tourism infrastructure, land stewardship easements, and promotion of the state as a location for the production of motion pictures and television commercials, ~~to~~ and by the Montana historical society, ~~to~~ the university system, and ~~to~~ the department of fish, wildlife, and parks. The first \$4 million deposited in the account each fiscal year must be allocated



1 as follows:

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

4 (b) 2.5% to the university system to be used for the establishment and maintenance of a Montana
5 travel research program;

6 (c) ~~6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state
7 parks that have both resident and nonresident use;~~

8 (d) ~~67.5%~~ 74% to be used directly by the department of commerce; and

9 ~~(e)(d)~~ (i) except as provided in subsection ~~(1)(e)(iii)~~ (1)(d)(ii), 22.5% to be distributed by the
10 department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism
11 region to the total proceeds collected statewide; and

12 (ii) if 22.5% of the proceeds collected annually within the limits of a city or consolidated city-county
13 exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation
14 in the region where the city or consolidated city-county is located, to be distributed to the nonprofit
15 convention and visitors bureau in that city or consolidated city-county.

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

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

24 (4) After the allocations in subsection (1), the next \$600,000 deposited in the account in each
25 fiscal year is allocated to the department of fish, wildlife, and parks for the maintenance of facilities in state
26 parks.

27 (5) (a) After the allocations in subsections (1) and (4), up to \$2 million each fiscal year may be
28 used for historic preservation projects and the remaining funds in the account must be used for tourism
29 infrastructure and land stewardship easements.

30 (b) Tourism infrastructure projects include rest areas, information facilities, parking facilities, traffic

1 control projects, park improvements, trail construction or improvements, and other local or state projects
2 for tourism purposes.

3 (6) The department of commerce may provide a grant for a project or may contract for the
4 construction of a project that has been recommended as provided in [section 2]."

5

6 **NEW SECTION. Section 2. Project review panel.** (1) There is a historic preservation, tourism
7 infrastructure, and open-space project review panel. The panel consists of eight members. Four members
8 must be appointed by the governor, two members must be appointed by the speaker of the house, and two
9 members must be appointed by the senate committee on committees. The panel is attached to the
10 department of commerce for administrative purposes as provided in 2-15-121.

11 (2) A member appointed to the review panel shall serve a 2-year term and may be reappointed.

12 (3) The purpose of the review panel is to:

13 (a) review, at least every 6 months, proposed projects that have been submitted for funding as
14 provided in 15-65-121;

15 (b) determine what projects are eligible for inclusion in the program;

16 (c) approve or reject proposed projects; and

17 (d) forward a list of approved projects to the department.

18 (4) Panel members do not receive salaries. Panel members who are not legislators are entitled to
19 reimbursement as provided in 2-18-501 through 2-18-503. If a legislator is a panel member, the legislator
20 is entitled to reimbursement as provided in 5-2-302. Panel expenses are payable from the special revenue
21 account created in 15-65-121.

22

23 **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an
24 integral part of Title 2, chapter 15, part 18, and the provisions of Title 2, chapter 15, part 18, apply to
25 [section 2].

26

27 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 1997.

28

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0295, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act revising the allocation and use of the Lodging Facility Use Tax; limiting the amount of tax used for certain purposes; authorizing the use of tax proceeds for historic preservation, tourism infrastructure, and land stewardship easements; creating a panel to review project applications and make recommendations to the Department of Commerce for funding projects; and providing an effective date.

ASSUMPTIONS:

1. Total Lodging Facility Use Tax collections are \$10,311,000 in FY98 and \$10,916,000 FY99 (OBPP).
2. Dept. of Revenue collection expenses are \$102,000 in each FY98 and FY99 (MDOR).
3. State employee travel accounts for 1.34% of lodging facility charges (MDOR).
4. Tax proceeds to be distributed would be \$10,072,000 in FY98 and \$10,668,000 in FY99.

FISCAL IMPACT:

Expenditures:

The proposal would significantly change the priorities and uses of accommodation tax proceeds. Current recipients would receive less revenue requiring reductions in the scope of their activities, unless replacement sources are provided. The revenue table illustrates these changes.

Revenues:

	<u>FY98</u> <u>Difference</u>	<u>FY99</u> <u>Difference</u>
Lodging Facility Use Tax (02)	\$0	\$0

Distribution:

MT Historical Society	(\$61,000)	(\$67,000)
University System/Travel Research	(152,000)	(167,000)
Fish, Wildlife, & Parks	(55,000)	(93,000)
Dept. of Commerce	(3,838,000)	(4,241,000)
Regional/City Tourism Corps.	(1,366,000)	(1,500,000)
Historical Preservation	2,000,000	2,000,000
<u>Tourism Infrastructure</u>	<u>3,472,000</u>	<u>4,068,000</u>
Total	\$0	\$0

Dave Lewis 1-30-95

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

BOB RANEY, PRIMARY SPONSOR DATE

Fiscal Note for HB0295, as introduced

HB 295