

EXHIBIT 2  
DATE 3.9.05  
SB. 151

To: Chairman House Taxation Committee

**Subject:** RE: Hearing March 9, 2005 at 8:00 a.m. on Senate Bill No. 151 - Resort Tax

**From:** Steve Golnar [mailto:citymanager@ci.livingston.mt.us]

**Sent:** Wednesday, March 9, 2005

The bill clarifies that an individual requesting that a resort tax be established must be a resident of the community and allows for resort communities to renew their resort tax if their population exceeds the population cap established by statute. The bill would also increase the population cap for "resort communities" from 5,500 to 8,500.

The City contacted the Department of Commerce, which designates communities as "resort communities." The Department of Commerce economist has performed a rough economic analysis, which indicates that the Livingston economy would meet resort community criteria, if the population cap were raised to allow Livingston to establish a resort tax.

Bill sponsor Senator Weinberg supported amending the bill to increase the population cap and the Department of Commerce was amenable to this change. We have verified that the City of Livingston's population according to the most recent census estimate is 7,073, as of 7/1/2003. The City is pursuing a cap of 8,500 in order to ensure that we would fit within the population cap after due consideration by our local community.

In summary, The City of Livingston supports this bill for the following reasons:

1. Livingston is a resort community based on the preliminary results of the Department of Commerce's economic test. In fact, the Yellowstone Country Board nominated Livingston for recognition as Montana's tourism community of the year.
2. The City of Livingston's economy started out as a tourist based economy in the late 1880's and continues to evolve to include more service sector and tourism related businesses. When combined with demands of increasing tourism and visitation, our limited property tax-based revenue system is maxed-out, forcing difficult choices between which services to provide and what infrastructure to repair.
3. Our community needs a mechanism to diversify our tax base to more fairly spread the costs of increasing infrastructure and service needs and to provide property tax relief. If the population cap for the resort tax were increased to 8,500, this would allow our citizens the opportunity to consider voting in a local option resort tax, which would spread the costs of funding service and infrastructure between residents (via property tax based revenues) and visitors to our community (through the resort tax).
4. The Livingston City Commission, Livingston Area Chamber of Commerce and Alliance Development Corporation support an increase in the resort tax population cap to 8,500 in order to allow our community the opportunity to let the voters decide if a local option resort tax should be established in our community.

Thank you Mr. Speaker for the opportunity to comment.

**DRAFT**

*Steve*  
PREPARED BY DEPT OF  
COMMERCE

LIVINGSTON

**VERY PRELIMINARY RESORT TAX ANALYSIS**

ECONOMIC SECTOR	AVE ANNUAL EMP	PRIMARY TYPE OF SECTOR	
NATURAL RESOURCES	77	Export*	
CONSTRUCTION	401	Local**	
MANUFACTURING	203	both	
TRADE, TRANSPORTATION AND UTILITIES	652	both	
INFORMATION	89	local	
FINANCIAL ACTIVITIES	181	local	
PROFESSIONAL SERVICES	170	local	
EDUCATION AND HEALTH CARE	806	EX=448	LOC=360
LEISURE AND HOSPITALITY	1,256	EX=1,073	LOC=183
OTHER SERVICES	210	local	
TOTAL GOVERNMENT	369	EX=212	LOC=157

\*Export (EX): Sector of economy which depend on markets outside their area or are influenced by factors originating beyond their borders.

\*\*Local (LOC): Sector of economy driven by local population

Population size for a resort community (incorporated) is set by MONT. CODE ANN. § 7-6-1501-1509 (2003) at less than 5,500 people.

**Much more in-depth analysis needs to be done before any consideration for resort tax designation.**



**ALLIANCE**  
**DEVELOPMENT CORPORATION**  
The Economic Development Corporation for Park County

January 20, 2005

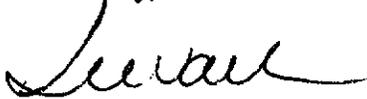
Senator Jeff Mangan  
Chair, Senate Local Government Committee  
P.O. Box 200500  
Helena, MT 59620-0500

Dear Senator Mangan:

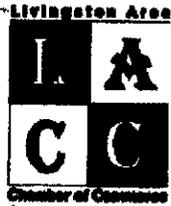
Re: Support of Increased Population Cap for Resort Tax

The Alliance Development Corporation supports the increase of the population cap for the resort tax. Tourism services and facilities have long been a major segment of the Park County economy, and this industry will continue to grow as a significant component of both the Livingston and Park County economy. An increase in the population cap would allow the community of Livingston to realize the benefits that other communities have from this taxing mechanism. We support the increase of the population cap from 5500 to 20,000 which creates the option for communities such as Livingston to participate.

Sincerely,



SHARON WALKER  
President



# Livingston Area Chamber of Commerce

*Representing its membership, actively promotes a positive business  
and economic climate for Livingston and Park County.*

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January 20, 2005

Re: Amendment to Senate Bill 151

Montana Senate  
Senator Jeff Mangan  
PO Box 200500  
Helena 59620-0500

Dear Senator Mangan;

The Livingston Area Chamber of Commerce is in support of an amendment to raise the population cap provided for in the Local Option Resort Tax. In efforts to support tourism and bring economic gain to the community, it is our vision to see the population cap raised from 5,500 to 20,000 residents.

If accomplished, this would allow Livingston, as well as other Montana Cities, to qualify for a local option resort tax election. On behalf of the Chamber Members and the Livingston Community, we urge you to consider this amendment to SB151. Thank you for your serious consideration of this important legislation.

Respectfully,

Teresa Bonawitz  
Chamber President

cc: Senator John Esp  
Representative Pat Wagman  
Representative Bruce Malcolm

2003-2004  
Mill Levy

West Yellowstone	43
Whitefish	87
Billings	110
Helena	115
Great Falls	124
Kalispell	150
Columbia Falls	160
Livingston	163
Bozeman	163
Lewistown	174
Missoula	176
Havre	179
Miles City	183

