SENATE TAXATION
EXHIBIT NO. 5
DATE 1/25/05
BILL NO. SB151

Jim Elliott Taxation

To: Senator J~~eff Mangan~~, Chairman Senate ~~Local Governm~~ent Committee

Senator Dan Weinberg, Sponsor of SB151

Subject: RE: Hearing January 25, 2005 at 8:00 a.m. on Senate Bill No. 151 - Resort Tax

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

Sent: Tuesday, January 25, 2005

The City of Livingston understands that S.B.151 is a house-keeping bill that was drafted at the request of the Department of Commerce. 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. We are asking for an amendment to this bill which would increase the population cap for "resort communities" from 5,500 to 8,000.

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.

Senator Weinberg has indicated that he would consider amending the bill to increase the population cap if the Department of Commerce was amenable to this change.

The City has requested the support of the Department of Commerce for a population cap increase on the resort tax as an amendment to SB151. 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 8,000 in order to ensure that we would fit within the population cap by the time a vote can be organized.

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 is considering nominating Livingston for recognition as tourism community of the year.
2. The City of Livingston's economy 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. If the population cap for the resort tax were increased to 8,000, 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 8,000 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.

Steve
PREPARED BY DEPT OF COMMERCE

DRAFT

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=446	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

P.O. Box 606 • 207 West Callender Street, Suite 205 • Livingston, MT 59047
phone 406.222.7227 • fax 406.222.7549 • email pcadc@ycsi.net • www.pcadc.com

Livingston Area Chamber of Commerce

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

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

303 E. Park Street ~ Livingston, Montana 59047
info@livingston-chamber.com
406-222-0850