



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # SB0418

Title: Revise distribution of lodging facility use taxes

Primary Sponsor: Weinberg, Dan

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 418 amends 15-65-121, MCA, revising the allocation of lodging facility use taxes for certain qualifying cities by adding a new category of entity, a zoning district which includes an area outside the city limits, that if certain conditions are met, can qualify the convention and visitor's bureau in that city for receipt of lodging facility use tax. There is no fiscal impact to general fund revenue. There is no fiscal impact to the Department of Commerce (DOC) or other state agencies.

FISCAL ANALYSIS

Assumptions:

- Currently 15-65-121, MCA, directs the distribution of the proceeds from the lodging facility use tax. After certain statutory deductions are made, 22.5% of the remainder is to be distributed to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region. Under current law, if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, then 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located is distributed to the nonprofit convention and visitor's bureau in that city.

2. SB 418 provides that for a city which has formed a zoning district which includes an area outside the city limits, if 22.5% of the proceeds collected annually within the limits of the zoning district on file with the department exceed \$35,000, then 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city is located is to be distributed to the nonprofit convention and visitor’s bureau in that city.
3. The provisions of this law will be effective July 1, 2007.
4. There is no fiscal impact to the general fund, the Departments of Commerce and Fish, Wildlife, and Parks, or the Historical Society.

Effect on County or Other Local Revenues or Expenditures:

1. Assuming that the zoning districts would qualify under the proposed legislation as having met the financial criteria (22.5% of the proceeds collected annually within the zoning district on file with the department exceeds \$35,000), money would be distributed to the designated organization.
2. The amount of funds distributed based on a zoning district meeting the financial criteria would decrease by a like amount the amount of funds distributed to the regional nonprofit tourism corporation.
3. There is no way to quantify the potential fiscal impact at the local level since the DOC is not aware of how many zoning districts there are, where they are located or what facilities are located within them.

Long-Range Impacts:

1. SB 418 could have a long term impact on the tourism promotion efforts of both the convention and visitors’ bureaus and the regional nonprofit tourism corporations.

Technical Notes:

1. The DOC is responsible for dispersing funds to the convention and visitors’ bureaus according to the limits of the zoning district; however, the DOC receives the monies available for disbursement from the Department of Revenue. The DOC does not have information available as to where the properties are that are reporting.

Sponsor’s Initials

Date

Budget Director’s Initials

Date