

## 1 HOUSE BILL NO. 32

2 INTRODUCED BY R. HOLLANDSWORTH

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

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5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT THE PORTION OF THE LODGING FACILITY  
6 USE TAX PAID WITH FEDERAL FUNDS BY STATE AGENCIES BE PAID BACK TO THE AGENCY THAT  
7 MADE THE IN-STATE LODGING EXPENDITURE; AND AMENDING SECTIONS 15-65-121 AND 15-65-131,  
8 MCA."

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

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12 **Section 1.** Section 15-65-121, MCA, is amended to read:

13 **"15-65-121. Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must,  
14 in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to  
15 the credit of the department. The department may spend from that account in accordance with an expenditure  
16 appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of  
17 the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as  
18 provided in subsections (2)(a) through (2)(f) of this section, the department shall determine the expenditures by  
19 state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds  
20 received each reporting period. The department shall distribute the portion of the 4% that was paid with federal  
21 funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount deducted less  
22 the portion paid with federal funds in the state general fund ~~and distribute the portion of the amount deducted that~~  
23 ~~was paid with federal funds to the department of administration for return to the federal government as provided~~  
24 ~~in 17-3-106(2)~~. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and  
25 development account provided for in 22-3-1004.

26 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the  
27 expenditure appropriation, deposited in the state general fund, ~~distributed to the department of administration~~  
28 distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and  
29 development account must be transferred to an account in the state special revenue fund to the credit of the  
30 department of commerce for tourism promotion and promotion of the state as a location for the production of

1 motion pictures and television commercials, to the Montana historical interpretation state special revenue  
2 account, to the Montana historical society, to the university system, and to the department of fish, wildlife, and  
3 parks, as follows:

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

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

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

10 (d) 64.9% to be used directly by the department of commerce;

11 (e) (i) except as provided in subsection (2)(e)(ii), 22.5% to be distributed by the department to regional  
12 nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds  
13 collected statewide; and

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

19 (f) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-115.

20 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under this section for  
21 funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an  
22 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit  
23 tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is  
24 located.

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

29 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
30 subsections (2)(a) through (2)(e) are statutorily appropriated to the entities as provided in 17-7-502.

1           (6) The tax proceeds received that are transferred to the Montana historical interpretation state special  
2 revenue account pursuant to subsection (2)(f) are subject to appropriation by the legislature."

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4           **Section 2.** Section 15-65-131, MCA, is amended to read:

5           **"15-65-131. State agencies to account for in-state lodging expenditures.** Each state agency shall  
6 account for in-state lodging expenditures in a manner that will enable the department to determine total  
7 expenditures for in-state lodging by state agencies in order to make a deposit of a portion of the tax proceeds  
8 imposed by 15-65-111 in the state general fund and distribute the portion of taxes paid with federal funds to the  
9 ~~federal government as provided in 15-65-121~~ agency that made the in-state lodging expenditure."

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