

Lodging Taxes

Revenue Description

The state imposes two taxes on room charges collected by lodging facilities and campgrounds: a lodging sales tax and a lodging facility use tax. The taxes only apply for rooms used for lodging.

The 3% lodging sales tax applies to hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities. Exempt are facilities for health care, facilities owned by non-profit corporations for use by youth for camping, facilities whose average daily charge is less than 60% of the amount the state of Montana reimburses for lodging, and facilities rented for 30 days or more. Sales to the U.S. government are also exempt from the sales tax.

The 4% lodging facility use tax applies to facilities containing individual sleeping rooms or suites, providing overnight lodging for periods of less than 30 days to the general public for compensation. This includes hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, or bed and breakfasts. Exempt are non-profit or religious corporation facilities used primarily by youth for camping, facilities whose average daily charge does not exceed 60% of the amount the state of Montana reimburses for lodging, and facilities rented for 30 days or more.

Statutory Reference

Tax Rate – [15-65-111, MCA](#) (4% lodging facility use tax); [15-68-102, MCA](#) (3% lodging sales tax)

Tax Distribution – [15-65-121, MCA](#) (4% lodging facility use tax), [15-68-820, MCA](#) (3% lodging sales tax)

Date Due – The 4% lodging facility use tax is due before the end of calendar quarter ([15-65-112, MCA](#)). The 3% lodging sales tax is due the last day of the month following the calendar quarter ([15-68-502\(1\), MCA](#)).

Applicable Tax Rates

The lodging sales tax is 3.0% of the sales price. The lodging facility use tax is 4.0% of room charges.

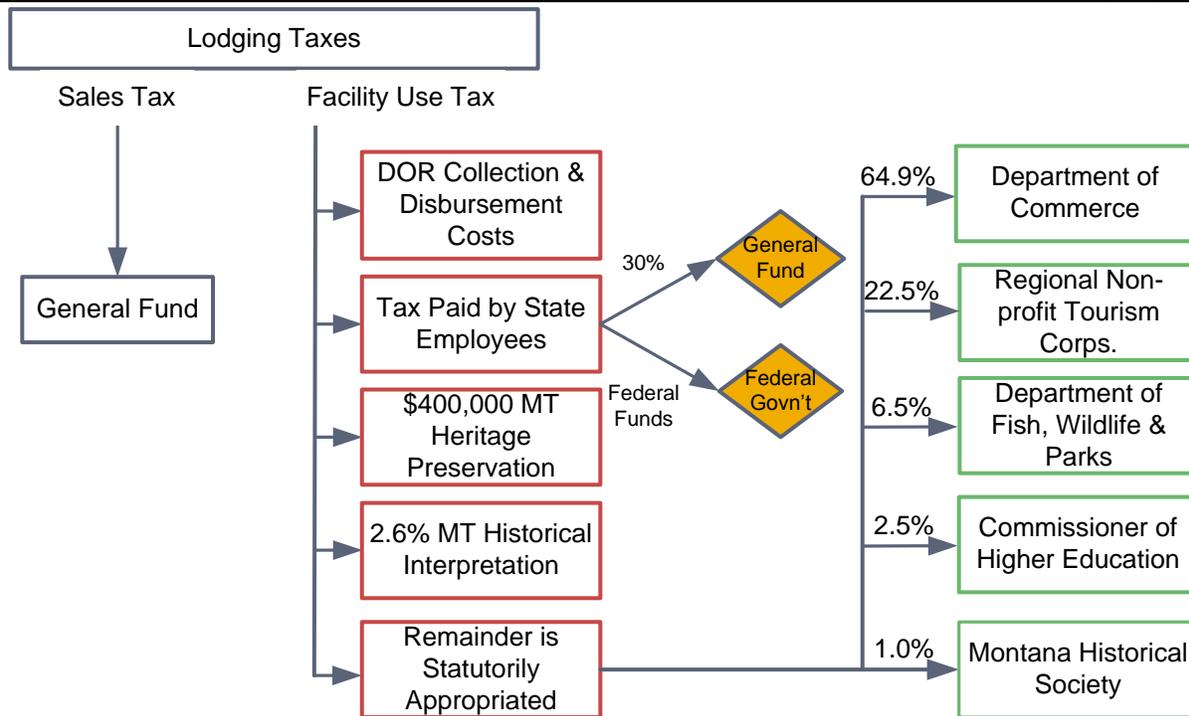
Collection Frequency: Quarterly

Distribution

Sales tax: All proceeds are deposited into the general fund.

Facility use tax: The revenue is first distributed to the Department of Revenue in the amount appropriated for collection and disbursement costs; 30% of the taxes paid by state employees to the general fund (taxes paid with federal funds are reimbursed to the federal government from the general fund); \$400,000 to the Montana heritage preservation and development fund; and 2.6% to the historical interpretation account. After these distributions, the remainder is distributed and statutorily appropriated:

- 67.5% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials
- 22.5% to regional nonprofit tourism corporations
- 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities
- 2.5% to the university system for the establishment and maintenance of a Montana travel research program
- 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites



Comparison of Legislative and Executive Forecasts

The legislative and executive forecasts are both based on U.S. personal income estimates; as a result, the outlook for revenues is similar.

Lodging Facilities Sales Tax (\$ Millions)				
	FY 2015	FY 2016	FY 2017	Total
Executive Forecast	\$19.440	\$21.050	\$22.890	\$63.380
Legislative Forecast	19.169	20.114	21.316	60.599
Difference	\$0.271	\$0.936	\$1.574	\$2.781
% Difference	1.4%	4.7%	7.4%	4.6%

Forecast Risks

- Change in outlook for U.S. personal income

Revenue Estimate Methodology

Data

The estimate for this source is based on historical collection data from SABHRS, and actual and forecast U.S. personal income from IHS.

Analysis

Total lodging taxes are made up of two separate taxes, the lodging facility use tax and the lodging sales tax; a proxy for taxable room charges—tax collections divided by the appropriate tax rate—is used as the starting point both sources. This proxy is modeled on U.S. personal income to produce a forecast of taxable room charges. Estimates of taxable room charges are multiplied by the corresponding tax rate and summed to produce the total lodging tax estimate.

Business and Personal Taxes
Revenue Estimate Assumptions

Lodging Taxes

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Sales \$ Millions	U.S. Personal Income \$ Billions	DOR Admin. \$ Millions
A 2002	\$11.862	\$0.000	\$296.6	\$9,047	\$0.126
A 2003	12.613	2.271	301.0	9,281	0.103
A 2004	22.848	9.279	339.2	9,750	0.137
A 2005	24.636	10.201	360.9	10,323	0.141
A 2006	25.519	10.679	371.0	11,025	0.029
A 2007	30.620	12.916	442.6	11,696	0.150
A 2008	31.744	13.390	458.9	12,274	0.149
A 2009	29.581	12.477	427.6	12,253	0.154
A 2010	29.265	12.331	423.3	12,184	0.131
A 2011	33.809	14.241	489.2	12,833	0.132
A 2012	37.724	15.606	552.9	13,517	0.136
A 2013	39.919	16.720	580.0	14,058	0.136
A 2014	42.059	17.725	608.4	14,438	0.144
F 2015	44.728	19.169	639.0	15,091	0.141
F 2016	46.932	20.114	670.5	15,763	0.141
F 2017	49.738	21.316	710.5	16,618	0.141

FY	Higher Ed. \$ Millions	DOC \$ Millions	Sites & Signs \$ Millions	Regional \$ Millions	FWP \$ Millions	MT. Heritage \$ Millions	MT. Historical \$ Millions
A 2002	\$0.283	\$7.651	\$0.114	\$2.550	\$0.737	\$0.400	-
A 2003	0.288	6.088	0.116	2.596	0.750	0.400	-
A 2004	0.326	8.797	0.130	2.932	0.847	0.400	-
A 2005	0.347	9.378	0.139	3.126	0.903	0.400	-
A 2006	0.360	9.727	0.144	3.242	0.937	0.400	-
A 2007	0.429	11.579	0.172	3.860	1.115	0.400	-
A 2008	0.445	12.019	0.178	4.006	1.157	0.400	-
A 2009	0.414	11.171	0.165	3.724	1.076	0.400	-
A 2010	0.410	11.072	0.164	3.691	1.066	0.400	-
A 2011	0.476	12.850	0.190	4.283	1.237	0.400	-
A 2012	0.540	14.012	0.216	4.856	1.403	0.400	0.556
A 2013	0.567	14.708	0.227	5.099	1.473	0.400	0.589
A 2014	0.595	15.440	0.238	5.353	1.546	0.400	0.619
F 2015	0.625	16.237	0.250	5.629	1.626	0.400	0.650
F 2016	0.657	17.054	0.263	5.912	1.708	0.400	0.683
F 2017	0.697	18.095	0.279	6.273	1.812	0.400	0.725

