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 which includes 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.

The 3% lodging sales tax also applies to online travel agencies, and exempts sales to the U.S. government.

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

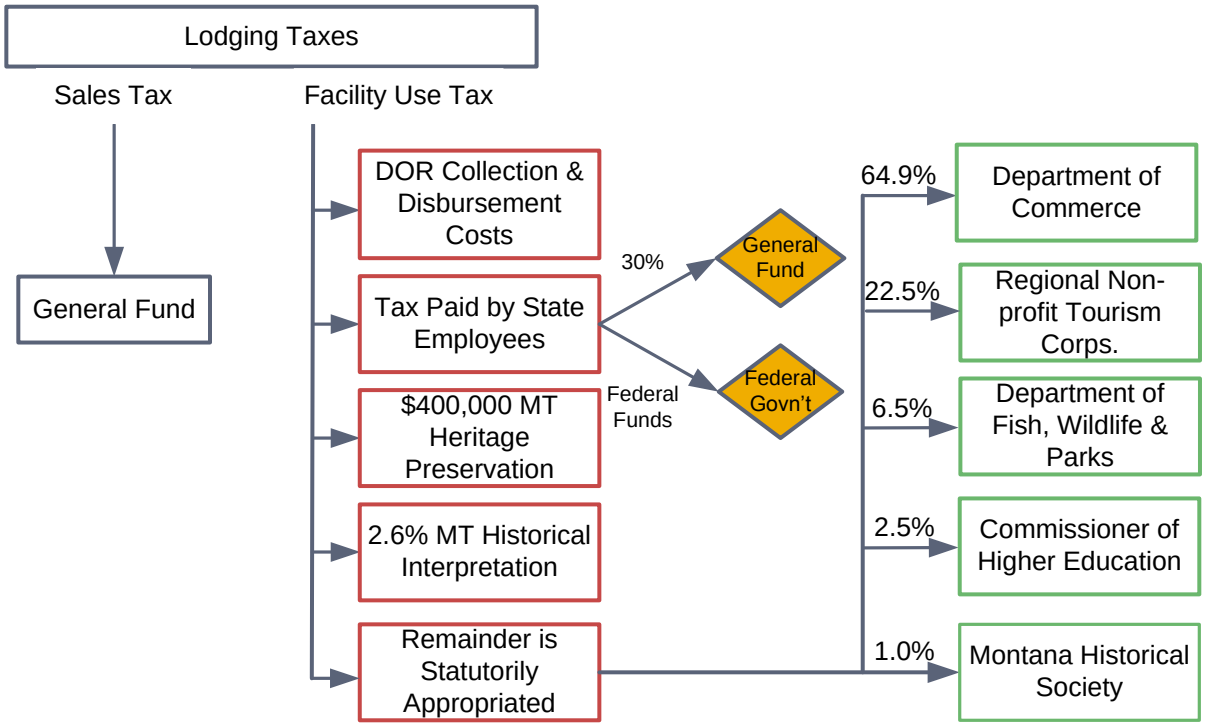
The lodging sales tax is 3.0% of the sales price. The lodging facility use tax is 4.0% of room charges.

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:

- 64.9% 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



Revenue Estimate Methodology

Data

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

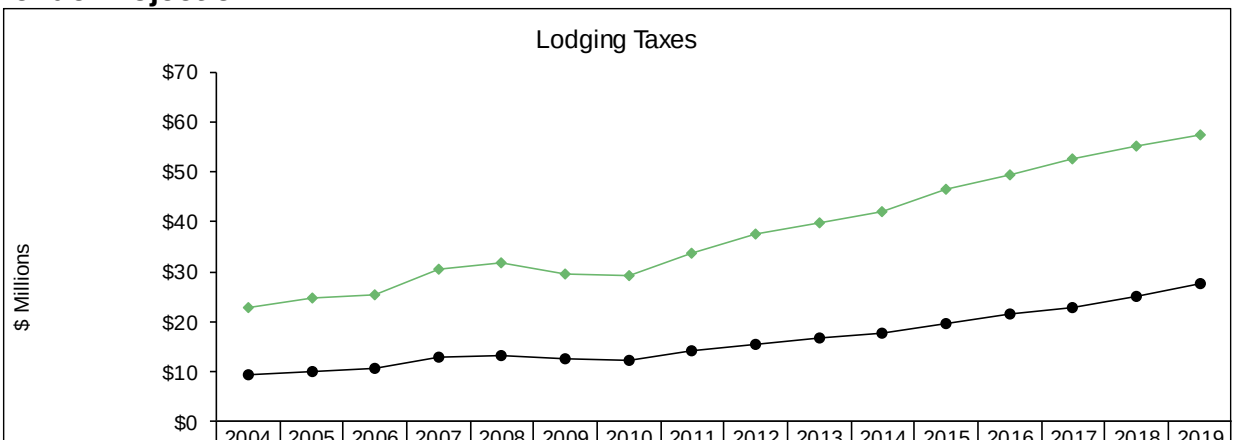
Analysis

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. consumer spending on accommodations 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.

Revenue Estimate Assumptions

FY	Total Tax $ Millions	GF Tax $ Millions	Proxy Gross Sales $ Millions	US Consumer Spending Acc. $ Billions	Calculated Gross Sales $ Millions	GF Adjustment Online Travel $ Millions	RTIC Adjustment $ Millions
A 2004	$22.848	$9.279	$339.235	$60.983	$336.111	-	
A 2005	24.636	10.201	360.884	68.229	376.313	-	
A 2006	25.519	10.679	371.004	76.890	424.372	-	
A 2007	30.620	12.916	442.607	83.030	458.442	-	
A 2008	31.744	13.390	458.861	88.426	488.381	-	
A 2009	29.581	12.477	427.591	84.859	468.589	-	
A 2010	29.265	12.331	423.349	83.782	462.613	-	
A 2011	33.809	14.241	489.219	87.771	484.744	-	
A 2012	37.724	15.606	552.942	94.400	521.525	-	
A 2013	39.919	16.720	579.980	100.463	555.170	-	
A 2014	42.059	17.725	608.358	106.395	588.083	-	
A 2015	46.696	19.697	674.999	115.198	636.925	-	
A 2016	49.290	21.493	694.923	120.897	668.546	$1.100	
F 2017	52.557	22.978	747.244	129.968	718.881	0.250	$0.311
F 2018	55.253	25.249	785.409	136.585	755.597	0.275	1.412
F 2019	57.553	27.659	817.889	142.217	786.844	0.300	2.823

Revenue Projection



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	22.8	24.6	25.5	30.6	31.7	29.6	29.3	33.8	37.7	39.9	42.1	46.7	49.3	52.6	55.3	57.6
General Fund	9.3	10.2	10.7	12.9	13.4	12.5	12.3	14.2	15.6	16.7	17.7	19.7	21.5	23.0	25.2	27.7
GF Growth	309%	9.9%	4.7%	20.9%	3.7%	-6.8%	-1.2%	15.5%	9.6%	7.1%	6.0%	11.1%	9.1%	6.9%	9.9%	9.5%