

HOUSE BILL NO. 262

INTRODUCED BY K. WHITE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LIMIT ON THE RESORT TAX RATE; ALLOWING  
5 AN ADDITIONAL RESORT TAX LEVY AT ~~THE RATE OF~~ A RATE OF UP TO 1%; PROVIDING THAT THE  
6 ADDITIONAL REVENUE FUND HISTORIC PRESERVATION OR WORKFORCE HOUSING; AND AMENDING  
7 SECTIONS 7-6-1501, 7-6-1503, AND 7-6-1504, MCA."

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

**SECTION 1. SECTION 7-6-1501, MCA, IS AMENDED TO READ:**

**"7-6-1501. Resort tax -- definitions.** As used in 7-6-1501 through 7-6-1509, the following definitions apply:

(1) "Luxuries" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and services, appliances, hardware supplies and tools, or any necessities of life.

(2) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

(3) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

(4) "Resort area" means an area that:

(a) is an unincorporated area and is a defined contiguous geographic area;

(b) has a population of less than 2,500 according to the most recent federal census;

(c) derives the major portion of its economic well-being from businesses catering to the recreational and personal needs of persons traveling to or through the area for purposes not related to their income production;  
and

(d) has been designated by the department of commerce as a resort area prior to its establishment by the county commissioners as provided in 7-6-1508.

(5) "Resort community" means a community that:

(a) is an incorporated municipality;



- 1 (b) has a population of less than 5,500 according to the most recent federal census;
- 2 (c) derives the primary portion of its economic well-being related to current employment from businesses
- 3 catering to the recreational and personal needs of persons traveling to or through the municipality for purposes
- 4 not related to their income production; and
- 5 (d) has been designated by the department of commerce as a resort community.
- 6 (6) "Workforce housing" means affordable housing for households with earned income that is insufficient
- 7 to secure quality housing in reasonable proximity to the workplace."

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9 **Section 2.** Section 7-6-1503, MCA, is amended to read:

10 **"7-6-1503. Limit on resort tax rate -- goods and services subject to tax.** (1) ~~The (a) Except as~~

11 ~~provided in subsection (1)(b), the~~ rate of the resort tax must be established by the election petition or resolution

12 provided for in 7-6-1504, but the rate may not exceed 3%.

13 (b) An election petition or resolution provided for in 7-6-1504 may provide for an additional resort tax levy

14 at the rate of AT A RATE OF UP TO 1%. The revenue from the additional 1% tax must be used for the purpose

15 provided for in 7-6-1504(4)(d).

16 (2) (a) The resort tax is a tax on the retail value of all goods and services sold, except for goods and

17 services sold for resale, within the resort community or area by the following establishments:

- 18 (i) hotels, motels, and other lodging or camping facilities;
- 19 (ii) restaurants, fast food stores, and other food service establishments;
- 20 (iii) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or
- 21 other alcoholic beverages by the drink; and
- 22 (iv) destination ski resorts and other destination recreational facilities.

23 (b) Establishments that sell luxuries shall collect a tax on ~~such~~ those luxuries."

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25 **Section 3.** Section 7-6-1504, MCA, is amended to read:

26 **"7-6-1504. Resort tax -- election required -- procedure -- notice.** (1) A resort community or area may

27 not impose or, except as provided in 7-6-1505, amend or repeal a resort tax unless the resort tax question has

28 been submitted to the electorate of the resort community or area and approved by a majority of the electors voting

29 on the question.

30 (2) The resort tax question may be presented to the electors of:

1 (a) a resort community by a petition of the electors as provided by 7-1-4130, 7-5-132, and 7-5-134  
2 through 7-5-137 or by a resolution of the governing body of the resort community; or

3 (b) a resort area by a resolution of the board of county commissioners, following receipt of a petition of  
4 electors as provided in 7-6-1508.

5 (3) If a resort area is in more than one county, the resort tax question must be presented to and approved  
6 by the electors in the resort area of each county.

7 (4) The petition or resolution referring the taxing question must state:

8 (a) the rate of the resort tax;

9 (b) the duration of the resort tax;

10 (c) the date when the tax becomes effective, which date may not be earlier than 35 days after the  
11 election; and

12 (d) the purposes that may be funded by the resort tax revenue. If the petition or resolution includes the  
13 additional 1% tax rate provided for in 7-6-1503(1)(b), the revenue from the additional 1% tax must fund the  
14 preservation or restoration of historic buildings OR WORKFORCE HOUSING.

15 (5) Upon receipt of an adequate petition, the governing body may:

16 (a) call a special election on the resort tax question; or

17 (b) have the resort tax question placed on the ballot at the next regularly scheduled election.

18 (6) (a) Before the resort tax question is submitted to the electorate of a resort community or area, the  
19 governing body of the resort community or the board of county commissioners in the county in which the resort  
20 area is located shall publish notice of the goods and services subject to the resort tax, in a newspaper that meets  
21 the qualifications of subsection (6)(b). The notice must be published twice, with at least 6 days separating  
22 publications. The first publication must be no more than 30 days prior to the election and the last no less than 3  
23 days prior to the election.

24 (b) The newspaper must be:

25 (i) of general, paid circulation with a second-class mailing permit;

26 (ii) published at least once a week; and

27 (iii) published in the county where the election will take place.

28 (7) The question of the imposition of a resort tax may not be placed before the electors more than once  
29 in any fiscal year."

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