

SENATE BILL NO. 355

INTRODUCED BY D. BROWN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DISTRIBUTION OF LODGING FACILITY USE TAX
5 PROCEEDS TO NONPROFIT CONVENTION AND VISITORS BUREAUS; INCLUDING HIGH SCHOOL
6 DISTRICTS AS A UNIT OF GOVERNMENT FOR WHICH PROCEEDS THAT EXCEED A CERTAIN
7 THRESHOLD MUST BE DISTRIBUTED TO A NONPROFIT CONVENTION AND VISITORS BUREAU;
8 PROVIDING FOR A FEE FOR USE BY THE COUNTY TO PROVIDE NOTICE OF THE NONPROFIT
9 CONVENTION AND VISITORS BUREAU; AND AMENDING SECTIONS 15-65-101, 15-65-121, AND 15-65-122,
10 MCA."

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

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14 **Section 1.** Section 15-65-101, MCA, is amended to read:

15 **"15-65-101. Definitions.** For purposes of this part, the following definitions apply:

16 (1) "Accommodation charge" means the fee charged by the owner or operator of a facility for use of the
17 facility for lodging, including bath house facilities, but excluding charges for meals, transportation, entertainment,
18 or any other similar charges.

19 (2) (a) "Campground" means a place, publicly or privately owned, used for public camping where
20 persons may camp, secure tents, or park individual recreational vehicles for camping and sleeping purposes.

21 (b) The term does not include that portion of a trailer court, trailer park, or mobile home park intended
22 for occupancy by trailers or mobile homes for resident dwelling purposes for periods of 30 consecutive days or
23 more.

24 (3) "Council" means the tourism advisory council established in 2-15-1816.

25 (4) (a) "Facility" means a building containing individual sleeping rooms or suites, providing overnight
26 lodging facilities for periods of less than 30 days to the general public for compensation. The term includes a
27 facility represented to the public as a hotel, motel, campground, resort, dormitory, condominium inn, dude ranch,
28 guest ranch, hostel, public lodginghouse, or bed and breakfast facility.

29 (b) The term does not include any health care facility, as defined in 50-5-101, or any facility owned by
30 a corporation organized under Title 35, chapter 2 or 3, that is used primarily by persons under the age of 18 years

1 for camping purposes, any hotel, motel, hostel, public lodginghouse, or bed and breakfast facility whose average
2 daily accommodation charge for single occupancy does not exceed 60% of the amount authorized under
3 2-18-501 for the actual cost of lodging for travel within the state of Montana, or any other facility that is rented
4 solely on a monthly basis or for a period of 30 days or more.

5 (5) "Nonprofit convention and visitors bureau" means a nonprofit corporation organized under Montana
6 law and recognized by a majority of the governing body in the city, consolidated city-county, high school district,
7 resort area, or resort area district in which the bureau is located.

8 (6) "Regional nonprofit tourism corporation" means a nonprofit corporation organized under Montana
9 law and recognized by the council as the entity for promoting tourism within one of several regions established
10 by executive order of the governor.

11 (7) "Resort area" means an area established pursuant to 7-6-1508.

12 (8) "Resort area district" has the meaning provided in 7-6-1501."

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14 **Section 2.** Section 15-65-121, MCA, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

30 (6) The tax proceeds received that are transferred to the Montana historical interpretation state special

1 revenue account pursuant to subsection (2)(f) are subject to appropriation by the legislature."
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Section 3. Section 15-65-122, MCA, is amended to read:

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"15-65-122. Qualification of nonprofit entities for receipt of funds -- limitation on administrative

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costs -- fee. (1) The department of revenue shall provide the council with quarterly reports of regional tax

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proceeds and tax proceeds of cities, consolidated city-counties, high school districts, resort areas, and resort area

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districts that qualify for disbursement of funds under 15-65-121.

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(2) Funds may not be disbursed to a regional nonprofit tourism corporation or nonprofit convention and

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visitors bureau until that entity has submitted an annual marketing plan to the council and that plan has been

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approved by the council.

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(3) A maximum of 20% of the funds received by a regional nonprofit tourism corporation or nonprofit

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convention and visitors bureau may be used for administrative purposes as defined by the council.

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(4) The municipality within a high school district eligible to receive funds as provided in

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15-65-121(2)(e)(ii) shall pay the county in which the municipality is located a fee of \$150. The county shall use

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the fee to publish notice, as provided in 7-1-2121, of the creation of the nonprofit convention and visitors bureau

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and how to apply to serve as a board member for the nonprofit convention and visitors bureau.

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(5) A NONPROFIT CONVENTION AND VISITORS BUREAU THAT EXISTS BEFORE [THE EFFECTIVE DATE OF THIS ACT]

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MAY NOT DISSOLVE AND REORGANIZE USING HIGH SCHOOL DISTRICT BOUNDARIES."

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