



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

<b>Bill #</b>	HB0435	<b>Title:</b>	Provide for gateway local option tax
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<b>Primary Sponsor:</b>	Bishop, Laurie	<b>Status:</b>	As Introduced
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- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 435 has no fiscal impact to the state as the bill pertains only to a local option tax that can be assessed by counties and municipalities located in tourist impact zones.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Administration**

- HB 435 provides for a new local option tax for counties and municipalities located in tourist impact zones. It also provides that counties with existing resort areas within county borders may impose the tax.
- The fiscal impact from this legislation to local governments is unknown, as described in the following sections.

#### **Office of the Secretary of State**

- Establishment of the taxing district would be a special district/local election handled by the county and would not impact the Office of the Secretary of State.

#### Effect on County or Other Local Revenues or Expenditures:

#### **Montana Association of Counties**

- It is impossible to determine the fiscal impact of this bill to counties, since the size and jurisdiction of the applicable tax areas are undefined.

2. Depending on the size of the areas and goods and services sold in any districts created, this bill may have significant impacts on applicable counties.

**Montana League of Cities and Towns**

3. An initial review of HB 435 indicates that 19 municipalities may be eligible to adopt a new gateway local option tax. It is assumed that the adoption of a tax permitted by this bill would have a positive fiscal impact on those municipalities that choose to levy the tax.

4. The amount of revenue that would be generated from HB 435 is unknown, as the number of municipalities that would adopt the gateway local option tax is unknown.

5. The level of tax for each municipality, and the applicable tax base that would be taxed, is also unknown.

**Department of Administration**

6. The revenue impact to local governments, the cost of monitoring/collecting the tax by local governments, and the potential for overlapping resort taxes is unknown to Local Government Services (LGS). There is no impact to LGS reporting compliance.

  
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*Sponsor's Initials*

2.15.19  
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*Date*

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*Budget Director's Initials*

2/15/19  
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