A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE MONTANA MUSEUMS ACT OF 2020; PROVIDING FUNDING FOR THE MONTANA HERITAGE CENTER; GRANTING AUTHORITY TO CONSTRUCT THE MONTANA HERITAGE CENTER; CREATING THE HISTORIC PRESERVATION GRANT PROGRAM; REVISING THE SALES TAX ON ACCOMMODATIONS AND CAMPGROUNDS; CREATING ACCOUNTS AND ALLOCATING A PORTION OF TAX PROCEEDS TO THEM; PROVIDING RULEMAKING AUTHORITY RELATED TO THE HISTORIC PRESERVATION GRANT PROGRAM; ALLOCATING GRANTS FROM THE HISTORIC PRESERVATION GRANT PROGRAM; REMOVING THE LIMITATION ON VENDOR ALLOWANCES; AMENDING SECTIONS 15-65-121, 15-68-102, 15-68-510, AND 15-68-820, MCA; AMENDING SECTION 2, CHAPTER 560, LAWS OF 2005; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Short title. [Sections 1 through 7] may be cited as the "Montana Museums Act of 2020".

NEW SECTION. Section 2. Authorization to construct Montana heritage center. (1) The department of administration is authorized to construct the Montana heritage center, which may include the remodel of the veterans' and pioneer memorial building.

(2) The department of administration shall determine the most cost-effective and efficient manner in which to construct the Montana heritage center based on the funding available. The department may construct the Montana heritage center in phases.

(3) This section constitutes legislative consent for the construction of the Montana heritage center within the meaning of 18-2-102.

NEW SECTION. Section 3. Account -- Montana heritage center construction. There is an account in the state special revenue fund established in 17-2-102 known as the Montana heritage center construction
account. The tax collections allocated in 15-68-820(3)(a) must be deposited in the account until December 30, 2024. The money in the account is authorized to the department of administration and may be used only for capital construction of the Montana heritage center.

NEW SECTION. Section 4. Account -- Montana heritage center operations. There is an account in the state special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The tax collections allocated in 15-68-820(4)(a) must be deposited in the account. The money in the account may be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which may include the veterans' and pioneer memorial building.

NEW SECTION. Section 5. Historic preservation grant program -- proposals -- recommendations.
(1) There is a historic preservation grant program established within the department of commerce. A person, association, or representative of a governing unit seeking a historic preservation grant under this section must submit a grant proposal to the department by March 1 of the year preceding the convening of a regular legislative session.
(2) The department shall review all proposals for historic preservation grants in consultation with the tourism advisory council and the state historical preservation office before they are submitted to the legislature.
(3) Consistent with the rules adopted in accordance with [section 6], the department shall make recommendations to the legislature on each proposal submitted to the department.
(4) The department's recommendations to the legislature are advisory.
(5) The department shall present its recommendations to the appropriations committee of the legislature by the 15th day of a regular legislative session.

NEW SECTION. Section 6. Priorities for funding -- rulemaking. (1) The department of commerce shall make recommendations for grants awarded under the historic preservation grant program to public or private entities for the preservation of historic sites, historical societies, or history museums in the state. The recommendations must be based on competitive criteria created by the department, as guided by the legislature. The criteria may include:
(a) the degree of economic stimulus or economic activity, including job creation and work creation for Montana contractors and service workers;
(b) the purpose of the project, including whether it provides features that establish or enhance security, climate control, or fire protection for museums or address infrastructure, maintenance, or building code issues;

c) the timing of the project, including access to matching funds, if needed, and approval of permits so that work can be completed without delay;

(d) the historic or heritage value related to the state of Montana;

e) the successful track record or experience of the organization directing the project; and

(f) the expected ongoing economic benefit to the state as a result of the project completion.

(2) The department of commerce shall adopt rules necessary to implement the historic preservation grant program. In adopting rules, the department shall look to the rules adopted for the treasure state endowment program, the cultural and aesthetic grant program, and other similar state programs. To the extent feasible, the department shall make the rules compatible with those other programs.

NEW SECTION. Section 7. Historic preservation grant program account. (1) There is an account in the state special revenue fund established in 17-2-102 known as the historic preservation grant program account. The tax collections allocated in 15-68-820(3)(b) and (4)(c) must be deposited in the account.

(2) Money deposited in the account is subject to appropriation by the legislature and may be used only for historic preservation grants to be administered by the department of commerce.

(3) The department shall allocate and disburse historic preservation account funds as appropriated by the legislature.

Section 8. Section 15-65-121, MCA, is amended to read:

"15-65-121. Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(g) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount deducted less
the portion paid with federal funds in the state general fund. The amount of $400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, to the state-tribal economic development commission, and to the department of fish, wildlife, and parks, as follows:

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

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

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

(d) 64.4% to be used directly by the department of commerce;

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

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

(f) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region; and

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

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under this section or 15-68-820(5)(b)(iii) for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and
gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

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

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

(6) The tax proceeds received that are transferred to the Montana historical interpretation state special revenue account pursuant to subsection (2)(g) are subject to appropriation by the legislature.

Section 9. Section 15-68-102, MCA, is amended to read:

“15-68-102. Imposition and rate of sales tax and use tax -- exceptions. (1) A sales tax of the following percentages is imposed on sales of the following property or services:

(a) 3% on accommodations and campgrounds;
(b) 4% on the base rental charge for rental vehicles.

(2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be applied to the sales price.

(3) (a) For the privilege of using property or services within this state, there is imposed on the person using the following property or services a use tax equal to the following percentages of the value of the property or services:

(i) 3% on accommodations and campgrounds;
(ii) 4% on the base rental charge for rental vehicles.

(b) The use tax is imposed on property or services that were:

(i) acquired outside this state as the result of a transaction that would have been subject to the sales tax had it occurred within this state;
(ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an Indian reservation.
Indian reservation within this state;

(iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's subsequent use of the property, is subject to the sales tax or use tax; or

(iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but that because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

(4) For purposes of this section, the value of property must be determined as of the time of acquisition, introduction into this state, or conversion to use, whichever is latest.

(5) The sale of property or services exempt or nontaxable under this chapter is exempt from the tax imposed in subsections (1) and (3).

(6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and (3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed charge for accommodations or campgrounds."

Section 10. Section 15-68-510, MCA, is amended to read:

"15-68-510. Vendor allowance. (1) A person filing a timely return under 15-68-502 may claim a quarterly vendor allowance for each permitted location in the amount of 5% of the tax determined to be payable to the state, not to exceed $1,000 a quarter.

(2) The allowance may be deducted on the return.

(3) A person that files a return or payment after the due date for the return or payment may not claim a vendor allowance."

Section 11. Section 15-68-820, MCA, is amended to read:

"15-68-820. Sales tax and use tax proceeds. (1) Except as provided in subsection subsections (2) through (6), all money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the department into the general fund.

(2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles under 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

(3) Until December 30, 2024, a portion of the revenue collected on the sale or use of accommodations
and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

1. (a) 20% in the account established in [section 3] for construction of the Montana heritage center; and
2. (b) 5% in the account established in [section 7] for historic preservation grants.

(4) Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited or distributed as follows:

1. (a) 8% in the account established in [section 4] for operation and maintenance of the Montana heritage center;
2. (b) 9% distributed as provided in subsection (5); and
3. (c) 8% in the account established in [section 7] for historic preservation grants.

(5) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsection (5)(b) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund.

(b) The balance of the tax proceeds received each reporting period and not distributed to agencies that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to the state-tribal economic development commission as follows:

(i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;
(ii) 68.5% to be used directly by the department of commerce;
(iii) (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and
(B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds $35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county,
resort area, or resort area district; and

(iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region.

(6) The tax proceeds received that are transferred to a state special revenue account pursuant to subsection (5)(b) are allocated to the entities."

NEW SECTION. Section 12. Allocation from historic preservation grants account. (1) There is allocated $800,000 to the department of commerce from the historic preservation grants account established in [section 7] for the biennium beginning July 1, 2019, to finance program grants authorized in subsection (2) as long as there are sufficient funds available in the historic preservation grant program account.

(2) The department shall distribute grants as follows:

(a) $400,000 to the Daly Mansion to be used for repair of infrastructure and maintenance needs; and

(b) $400,000 to the Moss Mansion to be used for repair of infrastructure and maintenance needs.

Section 13. Section 2(4), Chapter 560, Laws of 2005, as inserted by section 20, Chapter 478, Laws of 2009, is amended to read:

“(4) It is the intent of the legislature that the department of administration plan and construct a Montana historical society building at the 6th avenue and Roberts street site in Helena, Montana, with the remaining balance of the $7.5 million of bonds authorized in Chapter 499, Laws of 2005, and the $30 million in donation and grant authority in this section.”

COORDINATION SECTION. Section 14. Coordination instruction. If [section 5] of House Bill No. 553 and [this act] are passed and approved, and this act contains a section that amends 15-68-820, then the section amending 15-68-820 is void and 15-68-820 must be amended as follows:

“15-68-820. Sales tax and use tax proceeds. (1) Except as provided in subsection subsections (2) through (6), all money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the department into the general fund.

(2) Twenty-five percent of the revenue collected on the base rental charge for rental vehicles under 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited in the state special revenue fund to the credit of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.
(3) (a) Until December 30, 2024, a portion of the revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

(i) 20% in the account established in [section 3 of this act] for construction of the Montana heritage center; and

(ii) 5% in the account established in [section 7 of this act] for historic preservation grants.

(4) Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited or distributed as follows:

(a) 6% in the account established in [section 4 of this act] for operation and maintenance of the Montana heritage center;

(b) 6% distributed as provided in subsection (5);

(c) 6% in the account established in [section 7 of this act] for historic preservation grants; and

(d) 7% in the account established in [section 5 of House Bill No. 553].

(5) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsection (5)(b) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund.

(b) The balance of the tax proceeds received each reporting period and not distributed to agencies that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to the state-tribal economic development commission as follows:

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

(ii) 68.5% to be used directly by the department of commerce;

(iii) (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county, resort
area, or resort area district exceeds $35,000, 50% of the amount available for distribution to the regional nonprofit
tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is
located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county,
resort area, or resort area district; and

(iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
economic development commission established in 90-1-131 for activities in the Indian tourism region.

(6) The tax proceeds received that are transferred to a state special revenue account pursuant to
subsection (5)(b) are allocated to the entities."

NEW SECTION. Section 15. Codification instruction. [Sections 1 through 7] are intended to be
codified as an integral part of Title 22, chapter 3, and the provisions of Title 22, chapter 3, apply to [sections 1
through 7].

NEW SECTION. Section 16. Effective date. [This act] is effective January 1, 2020.

NEW SECTION. Section 17. Applicability. [This act] applies to sales of accommodations or
campgrounds that occur on or after January 1, 2020, and to the use of accommodations or use of campgrounds
on or after January 1, 2020, even if the sale occurred before January 1, 2020.

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