

1 SENATE BILL NO. 355  
2 INTRODUCED BY M. LANG

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT DISTRIBUTING LODGING FACILITY USE TAX REVENUE TO  
5 COUNTIES WITH LARGE AMOUNTS OF STATE LAND; REVISING DISTRIBUTION OF LODGING FACILITY  
6 USE TAX REVENUE; AMENDING SECTION SECTIONS 15-65-121 AND 90-1-135, MCA; AND PROVIDING  
7 AN EFFECTIVE DATE."

8  
9 WHEREAS, the state owns large amounts of land in some counties and that land is exempt from  
10 property taxes; and

11 WHEREAS, in counties where more than 6% of the land area is owned by the state, the state  
12 exemption for property taxes places an undue burden on schools and local governments; and

13 WHEREAS, tourists use these public lands, which justifies distributing a portion of the lodging facility  
14 use tax to those counties most affected by large state land ownership.

15  
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17  
18 **Section 1.** Section 15-65-121, MCA, is amended to read:

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

1 ~~each year must be deposited in the Montana heritage preservation and development account provided for in~~  
2 ~~22-3-1004.~~

3 (b) The amount of \$482,000 must be distributed annually to the following counties and in the  
4 percentage allocations indicated:

5 (i) Daniels County, 69.4%;

6 (ii) Chouteau County, 12.89%;

7 (iii) Liberty County, 2.64%;

8 (iv) Hill County, 1.76%;

9 (v) Judith Basin County, 0.87%;

10 (vi) Toole County, 1.14%;

11 (vii) Wheatland County, 0.98%;

12 (viii) Teton County, 1.03%;

13 (ix) Prairie County, 0.07%;

14 (x) Lake County, 2.47%;

15 (xi) Fallon County, 3.29%;

16 (xii) Powder River County, 0.25%;

17 (xiii) Carter County, 0.98%;

18 (xiv) Custer County, 0.53%;

19 (xv) Musselshell County, 0.37%; and

20 (xvi) Richland County, 1.33%.

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

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- 1            (a) 3% to the Montana heritage commission for the operation and maintenance of Virginia City and  
2 Nevada City;
- 3            ~~(a)(b)~~ 1% to the Montana historical society to be used for the installation or maintenance of roadside  
4 historical signs and historic sites;
- 5            ~~(b)(c)~~ 2.5% to the university system for the establishment and maintenance of a Montana travel  
6 research program;
- 7            ~~(c)(d)~~ 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks  
8 that have both resident and nonresident use;
- 9            ~~(d)(e)~~ 1.4% to the invasive species state special revenue account established in 80-7-1004;
- 10           ~~(e)(f)~~ ~~63%-60%~~ to be used directly by the department of commerce;
- 11           ~~(f)(g)~~ (i) except as provided in subsection ~~(2)(f)(ii)~~ (2)(g)(ii), 22.5% to be distributed by the department  
12 to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the  
13 total proceeds collected statewide; and
- 14           (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,  
15 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
16 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
17 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
18 county, resort area, or resort area district;
- 19           ~~(g)(h)~~ 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal  
20 economic development commission established in 90-1-131 for activities in the Indian tourism region; and
- 21           ~~(h)(i)~~ 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
22 115.
- 23           (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
24 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
25 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
26 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
27 resort area, or resort area district is located.
- 28           (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual

1 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism  
2 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a  
3 location for the production of motion pictures and television commercials.

4 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
5 subsections ~~(2)(a) through (2)(c), (2)(e), and (2)(f)~~ (2)(a) through (2)(d), (2)(f), and (2)(g) are statutorily  
6 appropriated to the entities as provided in 17-7-502.

7 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
8 account pursuant to subsection ~~(2)(d), (2)(e)~~ and to the Montana historical interpretation state special revenue  
9 account pursuant to subsection ~~(2)(h), (2)(i)~~ are subject to appropriation by the legislature."

11 **Section 2.** Section 90-1-135, MCA, is amended to read:

12 **"90-1-135. Special revenue accounts.** (1) There is a state special revenue account in the state  
13 treasury for the receipt of state and private funds and a federal special revenue account in the state treasury for  
14 the receipt of federal funds for expenditure by the state-tribal economic development commission established in  
15 90-1-131.

16 (2) Money in the state special revenue account from proceeds distributed under ~~15-65-121(2)(g)~~ 15-  
17 65-121(2)(h) is to be used for activities for the Indian tourism region, defined in 15-65-101.

18 (3) Except as provided in subsection (2), money in the accounts established in subsection (1) must be  
19 used to pay:

- 20 (a) the commission's administrative costs;
- 21 (b) the salary, benefits, and administrative expenses of the tribal business center coordinator and the  
22 federal grants coordinator; and

23 (c) the costs of conducting or commissioning and periodically updating or otherwise modifying a  
24 comprehensive assessment of economic development needs and priorities on each of the Indian reservations  
25 in the state.

26 (4) Money in the accounts that is not expended for the purposes identified in subsection (2) or (3) may  
27 be used for other purposes that the commission considers prudent or necessary.

28 (5) Interest and income earned on the money in the accounts must be deposited in the accounts for

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67th Legislature

Drafter: Julie Johnson, 406-444-4024

SB 355.1.2

1 the commission's use."

2

3 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2021.

4

- END -

DRAFT