



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0052

Title: Revise lodging facility use tax and sales tax on lodging and rental cars

Primary Sponsor: Ellsworth, Jason W

Status: As Amended

- 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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$482,000	\$764,000	\$851,000	\$916,000
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: SB 52, as amended, makes minor language changes to the accommodations sales tax and lodging facilities use tax. One of the changes would require third-party, online booking companies to collect and remit the lodging facilities use tax. This is estimated to increase state special revenue by \$482,000 in FY 2022, \$764,000 in FY 2023, \$851,000 in FY 2024, and \$916,000 in FY 2025. The department does not expect to incur additional costs from this bill.

FISCAL ANALYSIS

Assumptions:

1. SB 52, as amended, makes language and definition changes to the accommodations sales tax and lodging facilities use tax chapters of Title 15, Chapters 65 and 68, MCA, to make them more consistent and address some of the ambiguity within the industry.
2. The only component of this bill to have a fiscal impact is the inclusion of third-party, online booking companies in the definitions of those required to collect and remit the lodging facilities use tax to the department. These booking companies currently only remit the accommodations sales tax.
3. Based on the lodging tax return data for 2019 and 2020, it is estimated that the inclusion of these booking companies would increase lodging facilities use tax collections by approximately 2.1% each year. Applying this increase to the forecasted lodging facility use tax, with an applicability date of October 1, 2021, collections

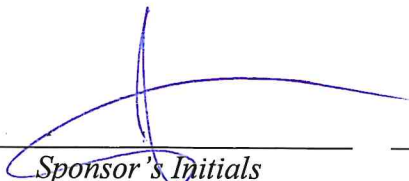
Fiscal Note Request – As Introduced

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would increase by \$482,000 in FY 2022, \$764,000 in FY 2023, \$851,000 in FY 2024, and \$916,000 in FY 2025.

4. The increase in revenue associated with this bill would all be state special revenue and would be distributed in the same way the lodging facility use tax currently is in 15-65-161, MCA.
5. The department expects to be able to absorb any administrative costs associated with this bill.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$482,000	\$764,000	\$851,000	\$916,000
TOTAL Revenues	<u>\$482,000</u>	<u>\$764,000</u>	<u>\$851,000</u>	<u>\$916,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$482,000	\$764,000	\$851,000	\$916,000


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 Sponsor's Initials Date

KA

 Budget Director's Initials

2/21/21

 Date