



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0355

**Title:** Revise payments related to state school trust lands

**Primary Sponsor:** Lang, Mike

**Status:** As Introduced

- 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>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$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:** SB 355 redirects \$482,000 of the lodging facility taxes away from the Montana Historical Society, University System, Fish, Wildlife, and Parks, Commerce and Tribal Economic Development and distributes the funds to 16 counties where more than 6% of the land area is owned by the state. SB 355 creates no state general fund impact.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

- SB 355 distributes \$482,000 of lodging facility use tax revenue each year to 16 select counties with more than 6% of the county's land area is owned by the state. The bill claims the state exemption for property taxes places an undue burden on schools and local governments.
- This redistribution would reduce the balance of lodging facility use tax revenue that is distributed to eight different state special revenue accounts by a total of \$482,000 each year effective in FY 2022. The reductions to each of these accounts are shown in the table below.

Account	Percentage	Annual Revenue Impact
Montana Historical Society	1.0%	(\$4,820)
University System	2.5%	(\$12,050)
FWP - state parks	6.5%	(\$31,330)
Invasive Species	1.4%	(\$6,748)
Commerce	63.0%	(\$303,660)
Regional Tourism	22.5%	(\$108,450)
State-tribal Economic Development	0.5%	(\$2,410)
Montana Historical Interpretation	<u>2.6%</u>	<u>(\$12,532)</u>
<b>Total</b>	<b>100.0%</b>	<b>(\$482,000)</b>

3. The following table shows the included counties, distribution percentages and the amount each county would receive each year.

County	Percentage	Annual Amount
Daniels	69.40%	\$334,508
Chouteau	12.89%	\$62,130
Liberty	2.64%	\$12,725
Hill	1.76%	\$8,483
Judith Basin	0.87%	\$4,193
Toole	1.14%	\$5,495
Wheatland	0.98%	\$4,724
Teton	1.03%	\$4,965
Prairie	0.07%	\$337
Lake	2.47%	\$11,905
Fallon	3.29%	\$15,858
Powder River	0.25%	\$1,205
Carter	0.98%	\$4,724
Custer	0.53%	\$2,555
Musselshell	0.37%	\$1,783
Richland	<u>1.33%</u>	<u>\$6,411</u>
<b>Total</b>	<b>100.00%</b>	<b>\$482,000</b>

4. The department would incur minimal additional costs associated with updating the integrated revenue information system to make the distributions set forth in this bill.

**Department of Commerce**

- 5. The Department of Commerce currently receives 63.0% for nonresident tourism and film promotion funding. This funding would be reduced the Tourism Grant Program by \$303,660 each year.
- 6. The Department of Commerce currently receives 22.5% as a pass through for the tourism regions and convention and visitors’ bureaus (CVB’s). Regions and CVBs budgets would be reduced \$108,450 each year. These entities use their funds for both administrative costs throughout the state as well as marketing efforts. These costs are recorded as a Local Assistance payment from the Department of Commerce.
- 7. Tribal tourism currently receives 0.5% to promote tourism activities in Indian Country. This budget would be reduced \$2,410. The tribal tourism budget reduction would result in fewer guidebooks being printed.

**Montana Historical Society**

- 8. Montana Historical Society sites and signs program would receive 1.0% of the reduction which would reduce the National Register Sign program for Montana’s historic places by \$4,820.

**Fiscal Note Request – As Introduced**

(continued)

9. Montana Historical Society historical interpretation operation would be reduced by 2.6 % of the reduction which would reduce funding for exhibits and educational support for Montana teachers by \$12,532.

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
<b>Commerce</b>				
Local Assistance (Regional Travel Promotion)	(\$108,450)	(\$108,450)	(\$108,450)	(\$108,450)
Grants (Regional Travel Promotion)	(\$303,660)	(\$303,660)	(\$303,660)	(\$303,660)
Operating Expenses (Tribal Economic Dev)	(\$2,410)	(\$2,410)	(\$2,410)	(\$2,410)
<b>Montana Historical Society</b>				
Operating Expenses (Nat'l Register Sign Program)	(\$4,820)	(\$4,820)	(\$4,820)	(\$4,820)
Operating Expenses (Historical Interpretation)	(\$12,532)	(\$12,532)	(\$12,532)	(\$12,532)
<b>Fish, Wildlife, &amp; Parks</b>				
Operating Expenses (State Parks)	(\$31,330)	(\$31,330)	(\$31,330)	(\$31,330)
<b>University System</b>				
Operating Expenses (MT Travel Research Pgm)	(\$12,050)	(\$12,050)	(\$12,050)	(\$12,050)
<b>Invasive Species</b>	(\$6,748)	(\$6,748)	(\$6,748)	(\$6,748)
<b>Distribution to counties</b>	\$482,000	\$482,000	\$482,000	\$482,000
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

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

1. Sixteen counties with greater than 6% of their lands belonging to the state would receive \$482,000 from the Lodging Facilities Tax, 15-65-121, MCA.

**Technical Notes:**

1. The bill does not include a date that the transfers to the counties must be made by, and it does not specify whether it should be one payment each year for the total amount or broken out into monthly payments. The date of the transfer would have to be late enough to ensure that enough lodging facility use tax revenue has been collected.

**NO SPONSOR SIGNATURE**      3/1/      RF for KA      3/1/21  
*Sponsor's Initials*      *Date*      *Budget Director's Initials*      *Date*