



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: Second Reading, Second House

- 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	\$1	\$0	\$0
Revenue:				
General Fund	(\$361,500)	(\$361,500)	\$0	\$0
State Special Revenue	(\$120,500)	(\$120,500)	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$361,500)</u>	<u>(\$361,500)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 355 as amended on the house floor, appropriates \$482,000 from sales taxes collected pursuant to Title 15, Chapter 68 to be distributed at the end of each fiscal year in the 2023 biennium to 16 counties that have more than 6% of the land in the county being state owned and property tax exempt. The bill was previously amended in house taxation to change this distribution from using the lodging facility use tax (Title 15, chapter 65, MCA,) to utilizing the accommodations sales tax (Title 15, chapter 68, MCA). The amended bill also provides a termination date of June 30, 2023.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. SB 355, as amended, distributes \$482,000 in each year of the 2023 biennium to 16 counties that have more than 6% of the land in the county being state owned and property tax exempt. The funds are reduced from the current distribution of accommodations sales tax.

2. The house taxation committee amendments shift the source of the \$482,000 from the accommodations use tax to the accommodations sales tax. The amended bill now makes no changes to the distribution of the lodging facility use tax.
3. SB 355 as amended on the house floor, appropriates \$482,000 from taxes collected pursuant to Title 15, Chapter 68, Sales Taxes, to the 16 counties listed in amended 15-68-820, MCA, in the bill and clarifies distribution of the funds will be made at the end of each fiscal year of the 2023 biennium.
4. The accommodations sales tax is currently distributed 75% to the general fund, 20% to the state special revenue account for construction of the Montana heritage center, and 5% to the state special revenue account for historic preservation grants. It is assumed that \$482,000 would be distributed to the 16 counties prior to current law distribution of the remaining funds according to the percentages in current law (see technical note #1).
5. SB 355 as amended, would reduce general fund revenue by \$361,500, state special revenue for the Montana heritage center by \$96,400 and state special revenue for historic preservation accounts by \$24,100 in each year of the 2023 biennium.
6. This bill has been amended to terminate at the end of FY 2023.
7. The following table shows the counties, distribution percentages, and amounts each county would receive of the \$482,000 distribution each year of the 2023 biennium.

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	1.33%	\$6,411
Total	100.00%	\$482,000

8. The Department of Revenue would incur no significant additional costs associated with updating the integrated revenue information system to make the distributions set forth in this bill as this would be done as part of annual updates.

Department of Commerce

9. Currently 15-68-820, MCA, distributes 5% of the lodging sales tax to a state special revenue account administered by the Department of Commerce to provide historic preservation grants.
10. It is assumed that the \$482,000 would be distributed to the various counties prior to the calculation of any other distributions made on a percentage basis. The impact to Commerce would therefore be a reduction equal to 5% of \$482,000, or \$24,100.

11. The department would reduce the amount of historic preservation grants awarded to remain commensurate with available funds.

	<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>				
<u>Expenditures:</u>				
Local Assistance to Counties	\$482,000	\$482,000	\$0	\$0
Grants (Historic Preservation)	(\$24,100)	(\$24,100)	\$0	\$0
Construction (Heritage Center)	(\$96,400)	(\$96,400)	\$0	\$0
Operating Expenses (State GF)	(\$361,500)	(\$361,500)	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$361,500)	(\$361,500)	\$0	\$0
State Special Revenue (02)	(\$120,500)	(\$120,500)	\$0	\$0
TOTAL Revenues	(\$482,000)	(\$482,000)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$361,500)	(\$361,500)	\$0	\$0
State Special Revenue (02)	(\$120,500)	(\$120,500)	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

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

Technical Notes:

- In section 1 of the amended bill, it is not specified what sales tax revenue is used for the distribution to the counties. It is assumed, based on the title of the bill, that this distribution is off the top of accommodations sales tax revenue before the distributions to the heritage center and historic preservation grants. This section of the 15-68-820, MCA, includes distributions from both rental car sales tax revenue and accommodations sales tax revenue, and, depending on the order of the distribution, this bill could only impact the general fund revenue from one or both of the sales taxes.
- The appropriation in section 4 of the bill should be directed to the Department of Revenue instead of directly to the eligible counties, as the department will make the distributions of \$482,000 to counties.

NO SPONSOR SIGNATURE 4/19
Sponsor's Initials Date

LA
Budget Director's Initials

4-15-21
Date