

1 HOUSE BILL NO. 430

2 INTRODUCED BY J. GILLETTE, G. HERTZ

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A RENT LOCAL PROGRAM ~~FUNDED WITH A~~
5 ~~TAX ON SHORT-TERM RENTALS; PROVIDING THAT THE PROGRAM IS OPTIONAL FUNDED WITH~~
6 ~~LODGING FACILITY TAX REVENUE~~; PROVIDING THAT THE PROGRAM PROVIDES REBATES TO
7 PROPERTY OWNERS WHO RENT RESIDENTIAL DWELLINGS TO LOCAL EMPLOYEES; PROVIDING FOR
8 ADMINISTRATION OF A RENT LOCAL PROGRAM; PROVIDING FOR PROGRAM ADMINISTRATIVE
9 COSTS; ~~PROVIDING A STATUTORY APPROPRIATION; PROVIDING A FUND TRANSFER; PROVIDING AN~~
10 ~~APPROPRIATION~~; PROVIDING RULEMAKING AUTHORITY; ~~ESTABLISHING REPORTING~~
11 ~~REQUIREMENTS~~; PROVIDING DEFINITIONS; ~~AMENDING SECTIONS 15-65-121, 15-68-101, 15-68-102, 15-~~
12 ~~68-502, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304, AND 22-3-1307, MCA; AMENDING SECTION 15-65-121,~~
13 ~~MCA~~; AND PROVIDING ~~A DELAYED AN IMMEDIATE~~ EFFECTIVE DATE AND ~~AN APPLICABILITY A~~
14 ~~TERMINATION~~ DATE."

15

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

17

18 (Refer to Introduced Bill)

19 Strike everything after the enacting clause and insert:

20

21 NEW SECTION. **Section 1. Rent local program - distribution of grants -- rulemaking.** (1) The
22 department shall administer a rent local program that provides grants to resort areas, resort area districts, and
23 incorporated cities to provide rebates to property owners who rent residential dwellings to local employees
24 working full time in the community.

25 (2) Resort areas, resort area districts, and incorporated cities in which local employees have
26 difficulty acquiring long-term housing are eligible to apply for the grants under this section.

27 (3) A resort area, resort area district, or incorporated city awarded a grant under this section shall
28 administer the program as provided in [section 2] and shall provide matching funds equal to:

Amendment - 1st Reading-white - Requested by: Jane Gillette - (H) Taxation

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0430.001.003

- 1 (a) 50% of the grant amount for an incorporated city with a population of 5,500 or more; or
- 2 (b) 25% of the grant amount for a resort area, a resort area district, or an incorporated city with a
- 3 population of less than 5,500.
- 4 (4) A grant awarded under this section may not exceed \$200,000.
- 5 (5) Funds not allocated for rent local grants in the first year of the biennium may be carried over to
- 6 the second year. The department may use 5% of the appropriated funds for administration of the program.
- 7 (6) The grant application process is provided for in this subsection.
- 8 (a) An applicant shall submit an intent to apply for a grant that includes a preliminary matching
- 9 funds commitment.
- 10 (b) The department shall rank resort areas, resort area districts, and incorporated cities that submit
- 11 an intent to apply based on share of lodging tax revenue collected from short-term rentals on a per capita basis.
- 12 The department shall award grants based on the ranking and provide an initial award notice to selected
- 13 grantees.
- 14 (c) The grantees shall develop and submit a plan for implementing the rent local program. The
- 15 plan must include estimated rebate amounts and a target for the number of properties to be converted to long-
- 16 term rentals for local employees.
- 17 (d) The department shall approve the final implementation plan prior to disbursing the grant. The
- 18 department and grantees shall collaborate as needed in developing the implementation plan.
- 19 (7) (a) The department shall provide a written report on the rent local program to the local
- 20 government interim committee in accordance with 5-11-210. The report must include the following information:
- 21 (i) which communities received grants and the amounts awarded;
- 22 (ii) the number and range of dollar amount of rebates issued; and
- 23 (iii) the impact of the program in communities that received grants.
- 24 (b) The local government interim committee shall recommend to the next legislature a funding level
- 25 for the rent local program in the next biennium.
- 26 (8) The department shall adopt rules for the rent local program, including:
- 27 (a) application details based on the process provided for in subsection (6); and
- 28 (b) reporting requirements for grant recipients.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NEW SECTION. Section 2. Rent local program -- definitions. (1) A resort area, resort area district, or incorporated city shall use a rent local program grant distributed pursuant to [section 1] to provide rebates to property owners who rent residential dwellings to local employees who work within the resort area, resort area district, or incorporated city.

(2) Subject to program rules adopted pursuant to [section 1], the governing body shall enact an ordinance governing the program. The ordinance may be amended at any time as may be necessary to administer the program. The ordinance must include:

- (a) the application process for the program;
- (b) the maximum rents by residential dwelling size that qualify for the program;
- (c) the rebate amounts available to qualifying property owners;
- (d) whether a property owner may receive a rebate for multiple residential dwellings;
- (e) the minimum lease term, which may not be less than 1 year;
- (f) a process for verifying rents charged by rebate recipients;
- (g) a process for verifying the tenant is a full-time local employee;
- (h) a schedule for providing payments to property owners approved for the rent local program;
- (i) the procedure for determining the continued eligibility for a property owner and a local employee; and
- (j) any other information necessary to administer the program.

(3) The governing body may administer the rent local program or may contract a third-party administrator to administer the rent local program on behalf of the governing body. Not more than 15% of the grant for the rent local program may be used for administrative costs incurred by the governing body or the third-party administrator.

(4) Grants awarded pursuant to [section 1] and not used for rebates in one year may be carried over to the next year.

(5) Resort areas, resort area districts, and incorporated cities awarded grants under [section 1] shall form a network to share best practices on administering the rent local program.

(6) As used in this section, the following definitions apply:

- 1 (a) "Governing body" means:
- 2 (i) if the grant is provided to an incorporated city, the governing body of the incorporated city;
- 3 (ii) if the grant is provided to a resort area and the qualified electors of the resort area established
- 4 a resort area district, the district board of directors; or
- 5 (iii) if the grant is provided to a resort area that has not established a resort area district, the board
- 6 of county commissioners.
- 7 (b) "Local employee" means an employee who works an average of 30 hours or more a week for
- 8 an employer located within the resort area, resort area district, or incorporated city.
- 9 (c) "Third-party administrator" means a private, nonprofit organization with expertise in housing
- 10 that a governing body contracts to administer a rent local program.

Section 3. Section 15-65-121, MCA, is amended to read:

"15-65-121. (Temporary) 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)(i) 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.

(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 for promotion of the state as a location for the production of motion pictures and television commercials, and for the rent local program provided for in [section 1], to the Montana historical interpretation state special

1 revenue account, to the Montana historical society, to the university system, to the state-tribal economic
2 development commission, and to the department of fish, wildlife, and parks, as follows:

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

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

7 (c) 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) 1.4% to the invasive species state special revenue account established in 80-7-1004;

10 (e) 60.3% to be used directly by the department of commerce;

11 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to
12 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
13 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) 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;

21 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
22 115; and

23 (i) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development
24 account provided for in 22-3-1004. The Montana heritage preservation and development commission shall
25 report on the use of funds received pursuant to this subsection (2)(i) to the legislative finance committee on a
26 semiannual basis, in accordance with 5-11-210.

27 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
28 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or

1 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
2 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
3 resort area, or resort area district is located.

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

8 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
9 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
10 7-502.

11 (6) The tax proceeds received that are transferred to the invasive species state special revenue
12 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account
13 pursuant to subsection (2)(h), and to the Montana heritage preservation and development account pursuant to
14 subsection (2)(i) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.
15 2021.)

16 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax
17 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the
18 state special revenue fund to the credit of the department. The department may spend from that account in
19 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting
20 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with
21 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department
22 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%
23 of that amount from the tax proceeds received each reporting period. The department shall distribute the
24 portion of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and
25 deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. The
26 amount of \$400,000 each year must be deposited in the Montana heritage preservation and development
27 account provided for in 22-3-1004.

28 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to

1 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
2 federal funds, or deposited in the heritage preservation and development account must be transferred to an
3 account in the state special revenue fund to the credit of the department of commerce for tourism promotion,
4 ~~and for~~ promotion of the state as a location for the production of motion pictures and television commercials,
5 ~~and for the rent local program provided for in [section 1],~~ to the Montana historical interpretation state special
6 revenue account, to the Montana historical society, to the university system, to the state-tribal economic
7 development commission, and to the department of fish, wildlife, and parks, as follows:

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

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

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

14 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

15 (e) 63% to be used directly by the department of commerce;

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

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

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

26 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
27 115.

28 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-

1 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or
2 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
3 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
4 resort area, or resort area district is located.

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

9 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
10 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
11 7-502.

12 (6) The tax proceeds received that are transferred to the invasive species state special revenue
13 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account
14 pursuant to subsection (2)(h) are subject to appropriation by the legislature."

15
16 NEW SECTION. Section 4. Transfer of funds. No later than June 30, 2023, the state treasurer shall
17 transfer \$4 million of unencumbered funds in the state special revenue account designated in 15-65-121(2) to
18 the credit of the department of commerce for the rent local program provided for in [section 1].

19
20 NEW SECTION. Section 5. Appropriation. There is appropriated \$2 million for each year of the
21 biennium beginning July 1, 2023, from the transferred funds provided for in [section 4] to the credit of the
22 department of commerce for the rent local program provided for in [section 1].

23
24 NEW SECTION. Section 6. Codification instruction. [Sections 1 and 2] are intended to be codified
25 as an integral part of Title 90, chapter 6, part 1, and the provisions of Title 90, chapter 6, part 1, apply to
26 [sections 1 and 2].

27
28 NEW SECTION. Section 7. Effective date. [This act] is effective on passage and approval.

Amendment - 1st Reading-white - Requested by: Jane Gillette - (H) Taxation

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0430.001.003

1

2 NEW SECTION. Section 8. Termination. [Sections 1 through 3] terminate December 31, 2027.

3

- END -

AMEND