

1 SENATE BILL NO. 145

2 INTRODUCED BY K. REGIER, T. MCGILLVRAY, B. KEENAN, C. GLIMM, R. LYNCH, F. MANDEVILLE, C.

3 POPE, D. BARTEL, J. FULLER, P. FLOWERS, A. BUCKLEY, J. GILLETTE, S. O'BRIEN, J. FITZPATRICK

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR LOCAL DISTRIBUTION OF REVENUE FROM

6 THE SALES TAX ON LODGING AND THE LODGING FACILITIES USE TAX; DISTRIBUTING A PORTION OF

7 THE SALES TAX ON LODGING TO THE CITY OR COUNTY WHERE THE ACCOMMODATION IS LOCATED;

8 DISTRIBUTING A PORTION OF THE LODGING FACILITIES USE TAX TO COUNTIES; REQUIRING THE

9 REVENUE DISTRIBUTED TO CITIES AND COUNTIES TO BE USED FOR PROPERTY TAX RELIEF FOR

10 RESIDENTIAL PROPERTY; PROVIDING FOR THE SALES TAX REVENUE PROPERTY TAX ASSISTANCE

11 PROGRAM; PROVIDING A DEFINITION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS

12 ~~15-10-420,~~ 15-16-101, 15-65-112, 15-65-121, 15-68-502, 15-68-820, 22-3-1303, 22-3-1304, 22-3-1307, AND

13 90-1-135, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

14

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

16

17 **NEW SECTION. SECTION 1. SALES TAX REVENUE PROPERTY TAX ASSISTANCE -- RULEMAKING --**

18 **DEFINITION. (1) THE DEPARTMENT SHALL PROVIDE SALES TAX REVENUE PROPERTY TAX ASSISTANCE TO OWNERS OF**

19 **RESIDENTIAL PROPERTY WITHOUT AN APPLICATION PROCESS. THE ASSISTANCE IS PROVIDED WITH FUNDING FROM THE**

20 **LODGING SALES AND USE TAX DISTRIBUTION ACCOUNT PROVIDED IN [SECTION 2] THAT IS ALLOCATED TO THE GOVERNING**

21 **BODY OF AN INCORPORATED CITY OR TOWN OR COUNTY AS PROVIDED IN [SECTION 3].**

22 **(2) THE DEPARTMENT SHALL PROVIDE EACH INCORPORATED CITY OR TOWN AND EACH COUNTY THAT**

23 **RECEIVES A DISTRIBUTION UNDER [SECTION 2] WITH SUFFICIENT INFORMATION TO ENABLE THE COUNTY TO ADMINISTER**

24 **THE REPORTING OF THE REDUCTION IN PROPERTY TAX IN 15-16-101(2)(A)(II) AND (2)(A)(V). THE INFORMATION MUST**

25 **INCLUDE A LISTING OF ALL PROPERTY IN THE TAXING JURISDICTION THAT QUALIFIES AS RESIDENTIAL PROPERTY, THE**

26 **TAXABLE VALUE OF EACH RESIDENTIAL PROPERTY, THE TOTAL TAXABLE VALUE OF ALL RESIDENTIAL PROPERTY, AND THE**

27 **MILL LEVY REDUCTION REFLECTED AS A NEGATIVE MILL VALUE FOR THE TAXING JURISDICTION THAT IS APPLIED ON THE**

28 **TAX BILL FOR EACH RESIDENTIAL PROPERTY. THE MILL LEVY REDUCTION IS CALCULATED USING THE AMOUNT OF THE**

**Amendment - 1st Reading-white - Requested by: John Esp - (S) Finance and Claims**

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1 DISTRIBUTION UNDER [SECTION 2] AND MUST BE THE SAME NEGATIVE MILL VALUE FOR EACH RESIDENTIAL PROPERTY IN  
2 THE TAXING JURISDICTION.

3 (3) A TAXPAYER THAT RECEIVES SALES TAX REVENUE ASSISTANCE IS NOT PROHIBITED FROM RECEIVING  
4 PROPERTY TAX ASSISTANCE UNDER ANOTHER PROPERTY TAX ASSISTANCE PROGRAM.

5 (4) THE DEPARTMENT MAY ADOPT RULES, PREPARE FORMS, AND MAINTAIN RECORDS THAT ARE  
6 NECESSARY TO IMPLEMENT THIS PART.

7 (5) FOR THE PURPOSE OF THIS SECTION, "RESIDENTIAL PROPERTY" MEANS ANY CLASS FOUR RESIDENTIAL  
8 PROPERTY DESCRIBED IN 15-6-134(1)(A) THROUGH (1)(D) THAT IS SUBJECT TO PROPERTY TAXES AS CLASS FOUR  
9 RESIDENTIAL PROPERTY.

10  
11 NEW SECTION. Section 2. Lodging sales and use tax distribution account. (1) There is a lodging  
12 sales and use tax distribution account in the state special revenue fund. The revenue allocated to the account  
13 as provided in 15-65-121(2)(f) and 15-68-820(3) must be deposited in the account and distributed as provided  
14 in this section.

15 (2) The department shall determine at the end of each fiscal year the amount of tax, late payment  
16 interest, and penalties deposited in the account as provided in 15-68-820(3) from sales of accommodations in  
17 each incorporated city or town and each county and distribute the tax, late payment interest, and penalties as  
18 provided in this subsection (2) by August 31. If the accommodations are located in an incorporated city or town,  
19 the department shall distribute the tax, late payment interest, and penalties to the incorporated city or town. If  
20 the accommodations are not located in an incorporated city or town, the department shall distribute the tax, late  
21 payment interest, and penalties to the county in which the accommodations are located. The department shall  
22 distribute equally among the counties the tax, late payment interest, and penalties from sales of  
23 accommodations for which the department cannot determine the location.

24 (3) The department shall determine at the end of each fiscal year the amount of tax, late payment  
25 interest, and penalties deposited in the account as provided in 15-65-121(2)(f) from the use of accommodations  
26 and distribute equally among the counties by August 31 the tax, late payment interest, and penalties.

27 (4) A payment required pursuant to this section may be withheld if, for more than 90 days, a local  
28 government fails to:

- 1 (a)\_\_\_\_ file a financial report required by 15-1-504;
- 2 (b)\_\_\_\_ remit any amounts collected on behalf of the state as required by 15-1-504; or
- 3 (c)\_\_\_\_ remit any other amounts owed to the state or another taxing jurisdiction.

4

5 **NEW SECTION. Section 3. Lodging sales and use tax account.** (1) The governing body of an  
 6 incorporated city or town or county receiving lodging sales and use tax under [section 4 2] shall establish a  
 7 lodging sales and use tax account to hold the collections.

8 (2) The revenue deposited in the account each year must be used to reduce the incorporated city's  
 9 or town's or county's property tax levy ON TAXPAYERS THAT QUALIFY FOR SALES TAX REVENUE ASSISTANCE  
 10 PURSUANT TO [SECTION 1] in the next year. The revenue used to reduce property tax levies must be transferred  
 11 to the account in which property tax revenue is deposited.

12

13 **Section 4.** ~~Section 15-10-420, MCA, is amended to read:~~

14 ~~"15-10-420.— Procedure for calculating levy. (1) (a) Subject to the provisions of this section, a~~  
 15 ~~governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount~~  
 16 ~~of property taxes actually assessed in the prior year plus one half of the average rate of inflation for the prior 3~~  
 17 ~~years. The maximum number of mills that a governmental entity may impose is established by calculating the~~  
 18 ~~number of mills required to generate the amount of property tax actually assessed in the governmental unit in~~  
 19 ~~the prior year based on the current year taxable value, less the current year's newly taxable value, plus one half~~  
 20 ~~of the average rate of inflation for the prior 3 years.~~

21 ~~(b) — A governmental entity that does not impose the maximum number of mills authorized under~~  
 22 ~~subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between~~  
 23 ~~the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill~~  
 24 ~~authority carried forward may be imposed in a subsequent tax year.~~

25 ~~(c) — For the purposes of subsection (1)(a), the department shall calculate one half of the average~~  
 26 ~~rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,~~  
 27 ~~using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of~~  
 28 ~~labor.~~

1 ~~(2) — A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any~~  
2 ~~additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,~~  
3 ~~including newly taxable property.~~

4 ~~(3) — (a) For purposes of this section, newly taxable property includes:~~

5 ~~(i) — annexation of real property and improvements into a taxing unit;~~

6 ~~(ii) — construction, expansion, or remodeling of improvements;~~

7 ~~(iii) — transfer of property into a taxing unit;~~

8 ~~(iv) — subdivision of real property; and~~

9 ~~(v) — transfer of property from tax-exempt to taxable status.~~

10 ~~(b) — Newly taxable property does not include an increase in value:~~

11 ~~(i) — that arises because of an increase in the incremental value within a tax increment financing~~  
12 ~~district; or~~

13 ~~(ii) — caused by the termination of an exemption that occurs due to the American Rescue Plan Act,~~  
14 ~~Public Law 117-2, and section 14, Chapter 506, Laws of 2021.~~

15 ~~(4) — (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the~~  
16 ~~release of taxable value from the incremental taxable value of a tax increment financing district because of:~~

17 ~~(i) — a change in the boundary of a tax increment financing district;~~

18 ~~(ii) — an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or~~

19 ~~(iii) — the termination of a tax increment financing district.~~

20 ~~(b) — If a tax increment financing district terminates prior to the certification of taxable values as~~  
21 ~~required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax~~  
22 ~~increment financing district terminates. If a tax increment financing district terminates after the certification of~~  
23 ~~taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the~~  
24 ~~following tax year.~~

25 ~~(c) — For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was~~  
26 ~~constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current~~  
27 ~~year market value of that property less the previous year market value of that property.~~

28 ~~(d) — For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale~~

1 ~~of real property that results in the property being taxable as class four property under 15-6-134 or as~~  
2 ~~nonqualified agricultural land as described in 15-6-133(1)(c).~~

3 ~~(5) Subject to subsection (8), subsection (1)(a) does not apply to:~~

4 ~~(a) school district levies established in Title 20; or~~

5 ~~(b) a mill levy imposed for a newly created regional resource authority.~~

6 ~~(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes~~  
7 ~~received under 15-6-131 and 15-6-132.~~

8 ~~(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:~~

9 ~~(a) may increase the number of mills to account for a decrease in reimbursements or for a~~  
10 ~~decrease in lodging tax distributions under [section 1]; and~~

11 ~~(b) may not increase the number of mills to account for a loss of tax base because of legislative~~  
12 ~~action that is reimbursed under the provisions of 15-1-121(7); AND~~

13 ~~(c) SHALL DECREASE THE NUMBER OF MILLS TO ACCOUNT FOR THE TOTAL AMOUNT OF LODGING TAX~~  
14 ~~DISTRIBUTIONS UNDER [SECTION 2] AFTER ACCOUNTING FOR ANY DECREASE IN LODGING TAX DISTRIBUTIONS THAT WERE~~  
15 ~~PREVIOUSLY USED TO LOWER MILLS IN THIS SECTION BUT WERE NOT RECEIVED.~~

16 ~~(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for~~  
17 ~~purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated~~  
18 ~~by the department may not exceed the mill levy limits established in those sections. The mill calculation must~~  
19 ~~be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the~~  
20 ~~calculation must be rounded up to the nearest tenth of a mill.~~

21 ~~(9) (a) The provisions of subsection (1) do not prevent or restrict:~~

22 ~~(i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;~~

23 ~~(ii) a levy to repay taxes paid under protest as provided in 15-1-402;~~

24 ~~(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;~~

25 ~~(iv) a levy for the support of a study commission under 7-3-184;~~

26 ~~(v) a levy for the support of a newly established regional resource authority;~~

27 ~~(vi) the portion that is the amount in excess of the base contribution of a governmental entity's~~

28 ~~property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;~~

~~(vii) — a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary;~~

~~(viii) — a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or~~

~~(ix) — a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.~~

~~(b) — A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.~~

~~(10) — A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.~~

~~(11) — The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit. (Subsection (3)(b)(ii) terminates December 31, 2025—sec. 13(5), Ch. 506, L. 2021.)"~~

**SECTION 4. SECTION 15-16-101, MCA, IS AMENDED TO READ:**

**"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

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- 1 (c) the time and place at which payment of taxes may be made.
- 2 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,  
3 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due  
4 and delinquent for other years. The written notice must include:
- 5 (i) the taxable value of the property;
- 6 (ii) the total mill levy applied to that taxable value and the value of negative mills applied to that  
7 taxable value to reflect sales tax revenue assistance under [sections 1 through 3];
- 8 (iii) itemized city services and special improvement district assessments collected by the county;
- 9 (iv) the number of the school district in which the property is located;
- 10 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state  
11 tax, school district tax, and other tax and the total amount of the reduction in city tax and county tax for a  
12 taxpayer that receives sales tax revenue assistance under [sections 1 through 3];
- 13 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill  
14 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit  
15 provided for in 15-10-420; and
- 16 (vii) a notice of the availability of all the property tax assistance programs available to property  
17 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax  
18 assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit for the elderly  
19 under 15-30-2337 through 15-30-2341.
- 20 (b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to  
21 draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of  
22 property, and that the taxpayer may contact the county treasurer for complete information.
- 23 (3) The municipality shall, upon request of the county treasurer, provide the information to be  
24 included under subsection (2)(a)(iii) ready for mailing.
- 25 (4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post  
26 notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the  
27 current year or of delinquent tax will not affect the legality of the tax.
- 28 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an

1 additional tax is not owed and a new tax bill does not need to be prepared."

2

3 **Section 5.** Section 15-65-112, MCA, is amended to read:

4 **"15-65-112. Collection and reporting.** (1) The seller of accommodations shall collect the tax  
5 imposed by 15-65-111.

6 (2) The seller shall report to the department of revenue, at the end of each calendar quarter, the  
7 gross receipts collected during that quarter attributable to the sales price paid by the purchaser. The report is  
8 due on or before the last day of the month following the end of the calendar quarter and must be accompanied  
9 by a payment in an amount equal to the tax required to be collected under this section. The report must include  
10 the physical address of the accommodation."

11

12 **Section 6.** Section 15-65-121, MCA, is amended to read:

13 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-  
14 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special  
15 revenue fund to the credit of the department. The department may spend from that account in accordance with  
16 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
17 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
18 17-2-124 and as provided in subsections (2)(a) through ~~(2)(i)~~ (2)(j) of this section, the department shall  
19 determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of  
20 that amount from the tax proceeds received each reporting period. The department shall distribute the portion  
21 of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit  
22 30% of the amount deducted less the portion paid with federal funds in the state general fund.

23 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to  
24 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
25 federal funds, or deposited in the heritage preservation and development account must be transferred to an  
26 account in the state special revenue fund to the credit of the department of commerce for tourism promotion  
27 and promotion of the state as a location for the production of motion pictures and television commercials, to the  
28 lodging sales and use tax distribution account, to the Montana historical interpretation state special revenue



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1 account, to the Montana historical society, to the university system, to the state-tribal economic development  
2 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%~~ 30.15% to be used directly by the department of commerce;

11 (f) 30.15% to the lodging sales and use tax distribution account provided for in [section 1-2];

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

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

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

22 (h)(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
23 115; and

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

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)~~ (2)(g) are statutorily appropriated to the entities as provided  
11 in 17-7-502.

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

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

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1           (2)     The balance of the tax proceeds received each reporting period and not deducted pursuant to  
2 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
3 federal funds, or deposited in the heritage preservation and development account must be transferred to an  
4 account in the state special revenue fund to the credit of the department of commerce for tourism promotion  
5 and promotion of the state as a location for the production of motion pictures and television commercials, to the  
6 lodging sales and use tax distribution account, to the Montana historical interpretation state special revenue  
7 account, to the Montana historical society, to the university system, to the state-tribal economic development  
8 commission, and to the department of fish, wildlife, and parks, as follows:

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

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

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

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

16           (e)     ~~63%~~ 31.5% to be used directly by the department of commerce;

17           (f)     31.5% to the lodging sales and use tax distribution account provided for in [section 1-2];

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

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

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

28           ~~(h)(i)~~ (i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-

1 115.

2 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
3 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
4 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
5 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
6 resort area, or resort area district is located.

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

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

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

17

18 **Section 7.** Section 15-68-502, MCA, is amended to read:

19 **"15-68-502. Returns -- payment -- authority of department.** (1) (a) Except as provided in  
20 subsection (2), on or before the last day of the month following the calendar quarter in which the transaction  
21 subject to the tax imposed by this chapter occurred, a return, on a form provided by the department, and  
22 payment of the tax for the preceding quarter must be filed with the department.

23 (b) Each person engaged in business within this state or using property or services within this state  
24 that are subject to tax under this chapter shall file a return.

25 (c) A person making retail sales at two or more places of business shall file a separate return for  
26 each separate place of business.

27 (d) A person selling accommodations shall include in the return the physical address of the  
28 accommodation.

1           (2)     A person who has been issued a seasonal seller's permit shall file a return and pay the tax on  
2 the date or dates set by the department.

3           (3)     (a) For the purposes of the sales tax or use tax, a return must be filed by:

4           (i)     a retailer required to collect the tax; and

5           (ii)    a person that:

6           (A)    purchases any items the storage, use, or other consumption of which is subject to the sales tax  
7 or use tax; and

8           (B)    has not paid the tax to a retailer required to pay the tax.

9           (b)    Each return must be authenticated by the person filing the return or by the person's agent  
10 authorized in writing to file the return.

11          (4)     (a) A person required to collect and pay to the department the taxes imposed by this chapter  
12 shall keep records, render statements, make returns, and comply with the provisions of this chapter and the  
13 rules prescribed by the department. Each return or statement must include the information required by the rules  
14 of the department.

15          (b)    For the purpose of determining compliance with the provisions of this chapter, the department  
16 is authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to  
17 making a determination of the amount of tax due, whether the books, papers, records, or memoranda are the  
18 property of or in the possession of the person filing the return or another person. In determining compliance, the  
19 department may use statistical sampling and other sampling techniques consistent with generally accepted  
20 auditing standards. The department may also:

21          (i)     require the attendance of a person having knowledge or information relevant to a return;

22          (ii)    compel the production of books, papers, records, or memoranda by the person required to  
23 attend;

24          (iii)   implement the provisions of 15-1-703 if the department determines that the collection of the tax  
25 is or may be jeopardized because of delay;

26          (iv)    take testimony on matters material to the determination; and

27          (v)     administer oaths or affirmations.

28          (5)     Pursuant to rules established by the department, returns may be computer-generated and

1 electronically filed."

2

3 **Section 8.** Section 15-68-820, MCA, is amended to read:

4 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~  
5 ~~all~~ All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by  
6 the department ~~into the general fund~~ as provided in subsections (2) through (6).

7 (2) ~~Twenty-five percent of the~~ The revenue collected on the base rental charge for rental vehicles  
8 under 15-68-102(1)(b) and ~~15-68-102(3)(a)(ii)~~ must be deposited as follows:

9 (a) 75% in the general fund; and

10 (b) 25% in the state special revenue fund to the credit of the senior citizen and persons with  
11 disabilities transportation services account provided for in 7-14-112.

12 (3) ~~Until December 31, 2024, a portion of the~~ The revenue collected on the sale or use of  
13 accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

14 (a) 75% in the lodging sales and use tax distribution account provided for in [section 4 2]; and

15 (b) 25% as provided in subsection (4).

16 (4) (a) Through December 31, 2024, the revenue deposited pursuant to subsection (3)(b) must be  
17 deposited as follows:

18 (i) 20% in the account established in 22-3-1303 for construction of the Montana heritage center;

19 and

20 (b)(ii) 5% in the account established in 22-3-1307 for historic preservation grants.

21 (4)(b) ~~Starting January 1, 2025, a portion of the revenue collected on the sale or use of~~  
22 ~~accommodations and campgrounds under 15-68-102 (1)(a) and (3)(a)(i)~~ the revenue deposited pursuant to  
23 subsection (3)(b) must be deposited or distributed as follows:

24 (a)(i) ~~6%~~ 6% in the account established in 22-3-1304 for operation and maintenance of the Montana  
25 heritage center;

26 (b)(ii) 6% distributed as provided in subsection (5);

27 (c)(iii) 6% in the account established in 22-3-1307 for historic preservation grants; and

28 (d)(iv) 7% in the account established in 17-7-209.

**Amendment - 1st Reading-white - Requested by: John Esp - (S) Finance and Claims**

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

SB0145.002.003

1           (5)     (a) Before allocating the balance of the tax proceeds provided for in subsection (4)(b)(ii) in  
2 accordance with the provisions of 17-2-124 and as provided in subsection (5)(b) of this section, the department  
3 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 1%  
4 of that amount from the tax proceeds received each reporting period. The department shall distribute the  
5 portion of the 1% that was paid with federal funds to the agency that made the in-state lodging expenditure and  
6 deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund.

7           (b)     The balance of the tax proceeds received each reporting period and not distributed to agencies  
8 that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the  
9 credit of the department of commerce for tourism promotion and promotion of the state as a location for the  
10 production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to  
11 the state-tribal economic development commission as follows:

12           (i)     7% 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           (ii)    68.5% to be used directly by the department of commerce;

15           (iii)   (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of  
16 commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism  
17 region to the total proceeds collected statewide; and

18           (B)     if 24% of the proceeds collected annually within the limits of a city, consolidated city-county,  
19 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
20 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
21 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
22 county, resort area, or resort area district; and

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

25           (6)     The tax proceeds received that are transferred to a state special revenue account pursuant to  
26 subsection (5)(b) are allocated to the entities."

27

28           **Section 9.** Section 22-3-1303, MCA, is amended to read:

1           **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital  
 2 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax  
 3 collections allocated in 15-68-820~~(3)(a)~~ must be deposited in the account until December 31, 2024. The money  
 4 in the account is authorized to the department of administration and may be used only for capital construction of  
 5 the Montana heritage center."  
 6

7           **Section 10.** Section 22-3-1304, MCA, is amended to read:

8           **"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state  
 9 special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The  
 10 tax collections allocated in 15-68-820~~(4)(a)~~ must be deposited in the account. The money in the account may  
 11 be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which  
 12 may include the veterans' and pioneer memorial building."  
 13

14           **Section 11.** Section 22-3-1307, MCA, is amended to read:

15           **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state  
 16 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The  
 17 tax collections allocated in 15-68-820~~(3)(b) and (4)(c)~~ must be deposited in the account.

18           (2) Money deposited in the account is subject to appropriation by the legislature and may be used  
 19 only for historic preservation grants to be administered by the department of commerce.

20           (3) The department shall allocate and disburse historic preservation account funds as appropriated  
 21 by the legislature."  
 22

23           **Section 12.** Section 90-1-135, MCA, is amended to read:

24           **"90-1-135. Special revenue accounts.** (1) There is a state special revenue account in the state  
 25 treasury for the receipt of state and private funds and a federal special revenue account in the state treasury for  
 26 the receipt of federal funds for expenditure by the state-tribal economic development commission established in  
 27 90-1-131.

28           (2) Money in the state special revenue account from proceeds distributed under ~~15-65-121(2)(g)~~



1 15-65-121(2)(h) is to be used for activities for the Indian tourism region, defined in 15-65-101.

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

4 (a) the commission's administrative costs;

5 (b) the salary, benefits, and administrative expenses of the tribal business center coordinator and  
6 the federal grants coordinator; and

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

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

12 (5) Interest and income earned on the money in the accounts must be deposited in the accounts  
13 for the commission's use."

14

15 NEW SECTION. Section 13. Transition. The first distribution to cities and counties pursuant to  
16 [section 4 2] must be made by August 31, 2024, for taxes collected in fiscal year 2024.

17

18 NEW SECTION. Section 14. Codification instruction. [Sections 1 and 2 THROUGH 3] are intended to  
19 be codified as an integral A NEW part of Title 15, chapter 68 6, and the provisions of Title 15, chapter 68 6, apply  
20 to [sections 1 and 2 THROUGH 3].

21

22 NEW SECTION. Section 15. Effective date. [This act] is effective July 1, 2023.

23

24 NEW SECTION. Section 16. Applicability. [This act] applies to sales of accommodations or  
25 campgrounds that occur on or after [the effective date of this act], and to the use of accommodations or  
26 campgrounds on or after [the effective date of this act], even if the sale occurred before [the effective date of  
27 this act].

28

- END -