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SENATE BILL NO. 145

INTRODUCED BY K. REGIER, T. MCGILLVRAY, B. KEENAN, C. GLIMM, R. LYNCH, F. MANDEVILLE, C. POPE, D. BARTEL, J. FULLER, P. FLOWERS, A. BUCKLEY, J. GILLETTE, S. O'BRIEN, J. FITZPATRICK

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR LOCAL DISTRIBUTION OF REVENUE FROM THE SALES TAX ON LODGING AND THE LODGING FACILITIES USE TAX; DISTRIBUTING A PORTION OF THE SALES TAX ON LODGING TO THE CITY OR COUNTY WHERE THE ACCOMMODATION IS LOCATED; DISTRIBUTING A PORTION OF THE LODGING FACILITIES USE TAX TO COUNTIES; REQUIRING THE REVENUE DISTRIBUTED TO CITIES AND COUNTIES TO BE USED FOR PROPERTY TAX RELIEF FOR RESIDENTIAL PROPERTY; PROVIDING FOR THE SALES TAX REVENUE PROPERTY TAX ASSISTANCE PROGRAM; PROVIDING A DEFINITION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 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 90-1-135, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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

DEFINITION. (1) THE DEPARTMENT SHALL PROVIDE SALES TAX REVENUE PROPERTY TAX ASSISTANCE TO OWNERS OF RESIDENTIAL PROPERTY WITHOUT AN APPLICATION PROCESS. THE ASSISTANCE IS PROVIDED WITH FUNDING FROM THE LODGING SALES AND USE TAX DISTRIBUTION ACCOUNT PROVIDED IN [SECTION 2] THAT IS ALLOCATED TO THE GOVERNING BODY OF AN INCORPORATED CITY OR TOWN OR COUNTY AS PROVIDED IN [SECTION 3].

(2) THE DEPARTMENT SHALL PROVIDE EACH INCORPORATED CITY OR TOWN AND EACH COUNTY THAT RECEIVES A DISTRIBUTION UNDER [SECTION 2] WITH SUFFICIENT INFORMATION TO ENABLE THE COUNTY TO ADMINISTER THE REPORTING OF THE REDUCTION IN PROPERTY TAX IN 15-16-101(2)(A)(II) AND (2)(A)(V). THE INFORMATION MUST INCLUDE A LISTING OF ALL PROPERTY IN THE TAXING JURISDICTION THAT QUALIFIES AS RESIDENTIAL PROPERTY, THE TAXABLE VALUE OF EACH RESIDENTIAL PROPERTY, THE TOTAL TAXABLE VALUE OF ALL RESIDENTIAL PROPERTY, AND THE MILL LEVY REDUCTION REFLECTED AS A NEGATIVE MILL VALUE FOR THE TAXING JURISDICTION THAT IS APPLIED ON THE TAX BILL FOR EACH RESIDENTIAL PROPERTY. THE MILL LEVY REDUCTION IS CALCULATED USING THE AMOUNT OF THE

1 electronically filed."

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3 **Section 9.** 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%-25%~~ 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); and

16 (c) 50% in the general fund.

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

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

20 and

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

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

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

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

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

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

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

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

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

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

19 (B) if 24% 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; and

24 (iv) 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.

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

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