

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, OR RESORT AREA DISTRICT 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 WITHIN THE CITY, COUNTY, OR RESORT AREA DISTRICT WHERE GENERATED; 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, or resort area district AS PROVIDED IN [SECTION 3].

(2) THE DEPARTMENT SHALL PROVIDE EACH INCORPORATED CITY OR TOWN AND EACH COUNTY or resort area district 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

1 RESIDENTIAL PROPERTY, AND THE MILL LEVY REDUCTION REFLECTED AS A NEGATIVE MILL VALUE FOR THE TAXING
2 JURISDICTION THAT IS APPLIED ON THE TAX BILL FOR EACH RESIDENTIAL PROPERTY. THE MILL LEVY REDUCTION IS
3 CALCULATED USING THE AMOUNT OF THE DISTRIBUTION UNDER [SECTION 2] AND MUST BE THE SAME NEGATIVE MILL
4 VALUE FOR EACH RESIDENTIAL PROPERTY IN THE TAXING JURISDICTION.

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

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

9 (5) FOR THE PURPOSE OF THIS SECTION:

10 (a) "RESIDENTIAL PROPERTY" MEANS ANY CLASS FOUR RESIDENTIAL PROPERTY DESCRIBED IN 15-6-
11 134(1)(A) THROUGH (1)(D) THAT IS SUBJECT TO PROPERTY TAXES AS CLASS FOUR RESIDENTIAL PROPERTY.

12 (b) "Resort area district" has the meaning provided in 7-6-1501.

13 (c) "Taxing jurisdiction" means an incorporated city or town, a county, or a resort area district.

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

19 (2) The department shall determine at the end of each fiscal year the amount of tax, late payment
20 interest, and penalties deposited in the account as provided in 15-68-820(3) from sales of accommodations in
21 each incorporated city or town, and each county, and each resort area district and distribute the tax, late
22 payment interest, and penalties as provided in this subsection (2) by August 31. If the accommodations are
23 located in an incorporated city or town, the department shall distribute the tax, late payment interest, and
24 penalties to the incorporated city or town. If the accommodations are located in a resort area district, the
25 department shall distribute the tax, late payment interest, and penalties to the county in which the
26 accommodations are located for the benefit of residential property owners within the resort area district in which
27 the accommodations are located. If the accommodations are not located in an incorporated city or town or in a
28 resort area district, the department shall distribute the tax, late payment interest, and penalties to the county in

1 which the accommodations are located. The department shall distribute equally among the counties the tax,
2 late payment interest, and penalties from sales of accommodations for which the department cannot determine
3 the location.

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

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

9 (a) ___ file a financial report required by 15-1-504;

10 (b) ___ remit any amounts collected on behalf of the state as required by 15-1-504; or

11 (c) ___ remit any other amounts owed to the state or another taxing jurisdiction.

12

13 **NEW SECTION. Section 3. Lodging sales and use tax account.** (1) The governing body of an
14 incorporated city or town, ~~or a county,~~ or a county for the benefit of residential property owners within a resort
15 area district receiving lodging sales and use tax under [section 4 2] shall establish a lodging sales and use tax
16 account to hold the collections.

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

21

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

23 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
24 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
25 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
26 years. The maximum number of mills that a governmental entity may impose is established by calculating the
27 number of mills required to generate the amount of property tax actually assessed in the governmental unit in
28 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half