

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

1 of the average rate of inflation for the prior 3 years.

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

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

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

13 (3) (a) For purposes of this section, newly taxable property includes:

- 14 (i) annexation of real property and improvements into a taxing unit;
- 15 (ii) construction, expansion, or remodeling of improvements;
- 16 (iii) transfer of property into a taxing unit;
- 17 (iv) subdivision of real property; and
- 18 (v) transfer of property from tax-exempt to taxable status.

19 (b) Newly taxable property does not include an increase in value:

- 20 (i) that arises because of an increase in the incremental value within a tax increment financing
21 district; or
- 22 (ii) caused by the termination of an exemption that occurs due to the American Rescue Plan Act,
23 Public Law 117-2, and section 14, Chapter 506, Laws of 2021.

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

- 26 (i) a change in the boundary of a tax increment financing district;
- 27 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- 28 (iii) the termination of a tax increment financing district.

Amendment - 1st Reading-white - Requested by: Pat Flowers - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0145.002.005

1 (b) If a tax increment financing district terminates prior to the certification of taxable values as
2 required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax
3 increment financing district terminates. If a tax increment financing district terminates after the certification of
4 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the
5 following tax year.

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

9 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale
10 of real property that results in the property being taxable as class four property under 15-6-134 or as
11 nonqualified agricultural land as described in 15-6-133(1)(c).

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

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

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

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

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

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

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

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

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

1 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

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

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

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

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

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

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

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

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

18 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-
19 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
20 authority in either of the previous 2 years and the airport or airport authority has not been appropriated
21 operating funds by a county or municipality during that time.

22 (11) The department may adopt rules to implement this section. The rules may include a method for
23 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
24 improvements, or newly taxable value in a governmental unit. (Subsection (3)(b)(ii) terminates December 31,
25 2025--sec. 13(5), Ch. 506, L. 2021.)"

26

27 **SECTION 5. SECTION 15-16-101, MCA, IS AMENDED TO READ:**

28 **"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the**

Amendment - 1st Reading-white - Requested by: Pat Flowers - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0145.002.005

1 receipt of the property tax record, the county treasurer shall publish a notice specifying:

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

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

10 (c) the time and place at which payment of taxes may be made.

11 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
12 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due
13 and delinquent for other years. The written notice must include:

14 (i) the taxable value of the property;

15 (ii) the total mill levy applied to that taxable value and the value of negative mills applied to that
16 taxable value to reflect sales tax revenue assistance under [sections 1 through 3];

17 (iii) itemized city services and special improvement district assessments collected by the county;

18 (iv) the number of the school district in which the property is located;

19 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
20 tax, school district tax, and other tax and the total amount of the reduction in city tax and county tax for a
21 taxpayer that receives sales tax revenue assistance under [sections 1 through 3];

22 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill
23 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit
24 provided for in 15-10-420; and

25 (vii) a notice of the availability of all the property tax assistance programs available to property
26 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
27 assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit for the elderly
28 under 15-30-2337 through 15-30-2341.

1 (b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to
2 draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of
3 property, and that the taxpayer may contact the county treasurer for complete information.

4 (3) The municipality shall, upon request of the county treasurer, provide the information to be
5 included under subsection (2)(a)(iii) ready for mailing.

6 (4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post
7 notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
8 current year or of delinquent tax will not affect the legality of the tax.

9 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
10 additional tax is not owed and a new tax bill does not need to be prepared."
11

12 **Section 6.** Section 15-65-112, MCA, is amended to read:

13 **"15-65-112. Collection and reporting.** (1) The seller of accommodations shall collect the tax
14 imposed by 15-65-111.

15 (2) The seller shall report to the department of revenue, at the end of each calendar quarter, the
16 gross receipts collected during that quarter attributable to the sales price paid by the purchaser. The report is
17 due on or before the last day of the month following the end of the calendar quarter and must be accompanied
18 by a payment in an amount equal to the tax required to be collected under this section. The report must include
19 the physical address of the accommodation."
20

21 **Section 7.** Section 15-65-121, MCA, is amended to read:

22 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
23 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
24 revenue fund to the credit of the department. The department may spend from that account in accordance with
25 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
26 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
27 17-2-124 and as provided in subsections (2)(a) through ~~(2)(i)~~ (2)(j) of this section, the department shall
28 determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of

1 that amount from the tax proceeds received each reporting period. The department shall distribute the portion
2 of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit
3 30% of the amount deducted less the portion paid with federal funds in the state general fund.

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

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

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

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

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

19 (e) ~~60.3%~~ 30.15% to be used directly by the department of commerce;

20 (f) 30.15% to the lodging sales and use tax distribution account provided for in [section 4 2];

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

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

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

3 ~~(h)~~(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
4 115; and

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

9 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
10 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or
11 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
12 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
13 resort area, or resort area district is located.

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

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

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

26 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax
27 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the
28 state special revenue fund to the credit of the department. The department may spend from that account in

Amendment - 1st Reading-white - Requested by: Pat Flowers - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0145.002.005

1 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting
2 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with
3 the provisions of 17-2-124 and as provided in subsections (2)(a) through ~~(2)(h)~~ (2)(i) of this section, the
4 department shall determine the expenditures by state agencies for in-state lodging for each reporting period
5 and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall
6 distribute the portion of the 4% that was paid with federal funds to the agency that made the in-state lodging
7 expenditure and deposit 30% of the amount deducted less the portion paid with federal funds in the state
8 general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and
9 development account provided for in 22-3-1004.

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

- 18 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
19 historical signs and historic sites;
- 20 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
21 research program;
- 22 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
23 that have both resident and nonresident use;
- 24 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;
- 25 (e) ~~63%~~ 31.5% to be used directly by the department of commerce;
- 26 (f) 31.5% to the lodging sales and use tax distribution account provided for in [section 4-2];
- 27 ~~(f)(g)~~ (i) except as provided in subsection ~~(2)(f)(ii)~~ (2)(g)(ii), 22.5% to be distributed by the department
28 to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the

Amendment - 1st Reading-white - Requested by: Pat Flowers - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0145.002.005

1 total proceeds collected statewide; and

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

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

9 ~~(h)~~(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
10 115.

11 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
12 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or
13 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
14 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
15 resort area, or resort area district is located.

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

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

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

26

27 **Section 8.** Section 15-68-502, MCA, is amended to read:

28 **"15-68-502. Returns -- payment -- authority of department.** (1) (a) Except as provided in

1 subsection (2), on or before the last day of the month following the calendar quarter in which the transaction
2 subject to the tax imposed by this chapter occurred, a return, on a form provided by the department, and
3 payment of the tax for the preceding quarter must be filed with the department.

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

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

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

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

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

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

14 (ii) a person that:

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

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

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

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

24 (b) For the purpose of determining compliance with the provisions of this chapter, the department
25 is authorized to examine or cause to be examined any books, papers, records, or memoranda relevant to
26 making a determination of the amount of tax due, whether the books, papers, records, or memoranda are the
27 property of or in the possession of the person filing the return or another person. In determining compliance, the
28 department may use statistical sampling and other sampling techniques consistent with generally accepted

1 auditing standards. The department may also:

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

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

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

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

8 (v) administer oaths or affirmations.

9 (5) Pursuant to rules established by the department, returns may be computer-generated and
10 electronically filed."

11

12 **Section 9.** Section 15-68-820, MCA, is amended to read:

13 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~
14 ~~all~~All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by
15 the department into the general fund as provided in subsections (2) through (6).

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

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

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

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

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

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

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

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

28 and

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

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

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

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

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

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

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

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

21 (i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
22 that have both resident and nonresident use;

23 (ii) 68.5% to be used directly by the department of commerce;

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

27 (B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county,
28 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional

1 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
2 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
3 county, resort area, or resort area district; and

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

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

8

9 **Section 10.** Section 22-3-1303, MCA, is amended to read:

10 **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital
11 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax
12 collections allocated in 15-68-820(3)(a) must be deposited in the account until December 31, 2024. The money
13 in the account is authorized to the department of administration and may be used only for capital construction of
14 the Montana heritage center."

15

16 **Section 11.** Section 22-3-1304, MCA, is amended to read:

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

22

23 **Section 12.** Section 22-3-1307, MCA, is amended to read:

24 **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state
25 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The
26 tax collections allocated in 15-68-820(3)(b) and (4)(c) must be deposited in the account.

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

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

4 **Section 13.** Section 90-1-135, MCA, is amended to read:

5 **"90-1-135. Special revenue accounts.** (1) There is a state special revenue account in the state
6 treasury for the receipt of state and private funds and a federal special revenue account in the state treasury for
7 the receipt of federal funds for expenditure by the state-tribal economic development commission established in
8 90-1-131.

9 (2) Money in the state special revenue account from proceeds distributed under ~~15-65-121(2)(g)~~
10 15-65-121(2)(h) is to be used for activities for the Indian tourism region, defined in 15-65-101.

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

13 (a) the commission's administrative costs;

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

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

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

21 (5) Interest and income earned on the money in the accounts must be deposited in the accounts
22 for the commission's use."
23

24 NEW SECTION. **Section 14. Transition.** The first distribution to cities and counties pursuant to
25 [section 4.2] must be made by August 31, 2024, for taxes collected in fiscal year 2024.

26
27 NEW SECTION. **Section 15. Codification instruction.** [Sections 1 and 2 THROUGH 3] are intended to
28 be codified as an integral A NEW part of Title 15, chapter ~~68~~ 6, and the provisions of Title 15, chapter ~~68~~ 6, apply

Amendment - 1st Reading-white - Requested by: Pat Flowers - (S) Finance and Claims

- 2023

68th Legislature 2023

Drafter: Jaret Coles, 406-444-4022

SB0145.002.005

1 to [sections 1 and 2 THROUGH 3].

2

3 NEW SECTION. Section 16. Effective date. [This act] is effective July 1, 2023.

4

5 NEW SECTION. Section 17. Applicability. [This act] applies to sales of accommodations or
6 campgrounds that occur on or after [the effective date of this act], and to the use of accommodations or
7 campgrounds on or after [the effective date of this act], even if the sale occurred before [the effective date of
8 this act].

9

- END -