

SENATE BILL NO. 145

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

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;  
AMENDING SECTIONS 15-10-420, 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. Lodging sales and use tax distribution account.** (1) There is a lodging  
sales and use tax distribution account in the state special revenue fund. The revenue allocated to the account  
as provided in 15-65-121(2)(f) and 15-68-820(3) must be deposited in the account and distributed as provided  
in this section.

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

(3) The department shall determine at the end of each fiscal year the amount of tax, late payment

1 interest, and penalties deposited in the account as provided in 15-65-121(2)(f) from the use of accommodations  
2 and distribute equally among the counties by August 31 the tax, late payment interest, and penalties.

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

5 (a) \_\_\_ file a financial report required by 15-1-504;

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

7 (c) \_\_\_ remit any other amounts owed to the state or another taxing jurisdiction.

8

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

12 (2) The revenue deposited in the account each year must be used to reduce the incorporated city's  
13 or town's or county's property tax levy in the next year. The revenue used to reduce property tax levies must be  
14 transferred to the account in which property tax revenue is deposited.

15

16 **Section 3.** Section 15-10-420, MCA, is amended to read:

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

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

28 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average

1 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,  
2 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of  
3 labor.

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

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

8 (i) annexation of real property and improvements into a taxing unit;

9 (ii) construction, expansion, or remodeling of improvements;

10 (iii) transfer of property into a taxing unit;

11 (iv) subdivision of real property; and

12 (v) transfer of property from tax-exempt to taxable status.

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

14 (i) that arises because of an increase in the incremental value within a tax increment financing  
15 district; or

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

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

20 (i) a change in the boundary of a tax increment financing district;

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

22 (iii) the termination of a tax increment financing district.

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

28 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was

1 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current  
2 year market value of that property less the previous year market value of that property.

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

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

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

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

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

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

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

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

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;

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

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

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

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

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

13 (11) The department may adopt rules to implement this section. The rules may include a method for  
14 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
15 improvements, or newly taxable value in a governmental unit. (Subsection (3)(b)(ii) terminates December 31,  
16 2025--sec. 13(5), Ch. 506, L. 2021.)"

17

18 **Section 4.** Section 15-65-112, MCA, is amended to read:

19 **"15-65-112. Collection and reporting.** (1) The seller of accommodations shall collect the tax  
20 imposed by 15-65-111.

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

26

27 **Section 5.** Section 15-65-121, MCA, is amended to read:

28 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-

1 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special  
 2 revenue fund to the credit of the department. The department may spend from that account in accordance with  
 3 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
 4 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
 5 17-2-124 and as provided in subsections (2)(a) through ~~(2)(i)~~ (2)(j) of this section, the department shall  
 6 determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of  
 7 that amount from the tax proceeds received each reporting period. The department shall distribute the portion  
 8 of the 4% that was paid with federal funds to the agency that made the in-state lodging expenditure and deposit  
 9 30% of the amount deducted less the portion paid with federal funds in the state general fund.

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) ~~6.3%~~ 30.15% to be used directly by the department of commerce;

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

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

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;

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

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

15 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
16 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
17 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
18 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
19 resort area, or resort area district is located.

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

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

27 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
28 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account

1 pursuant to subsection ~~(2)(h)~~ (2)(i), and to the Montana heritage preservation and development account  
2 pursuant to subsection ~~(2)(i)~~ (2)(i) are subject to appropriation by the legislature. (Terminates June 30, 2027--  
3 sec. 12, Ch. 563, L. 2021.)

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

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

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

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

28 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks



1 that have both resident and nonresident use;

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

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

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

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

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

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

15 ~~(h)(i)~~ 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
16 115.

17 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
18 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
19 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
20 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
21 resort area, or resort area district is located.

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

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

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

4

5           **Section 6.** Section 15-68-502, MCA, is amended to read:

6           **"15-68-502. Returns -- payment -- authority of department.** (1) (a) Except as provided in  
 7 subsection (2), on or before the last day of the month following the calendar quarter in which the transaction  
 8 subject to the tax imposed by this chapter occurred, a return, on a form provided by the department, and  
 9 payment of the tax for the preceding quarter must be filed with the department.

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

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

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

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

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

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

20                   (ii)    a person that:

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

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

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

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

1 of the department.

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

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

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

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

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

14 (v) administer oaths or affirmations.

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

17

18 **Section 7.** Section 15-68-820, MCA, is amended to read:

19 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~  
20 ~~all~~All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by  
21 the department ~~into the general fund~~ as provided in subsections (2) through (6).

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

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

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

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

1 (a) 75% in the lodging sales and use tax distribution account provided for in [section 1]; and

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

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

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

6 and

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

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

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

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

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

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

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

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

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

- 1           (ii)     68.5% to be used directly by the department of commerce;
- 2           (iii)    (A) except as provided in subsection (5)(b)(iii)(B), 24% to be distributed by the department of
- 3 commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism
- 4 region to the total proceeds collected statewide; and
- 5           (B)     if 24% of the proceeds collected annually within the limits of a city, consolidated city-county,
- 6 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
- 7 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
- 8 district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
- 9 county, resort area, or resort area district; and
- 10          (iv)    0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
- 11 economic development commission established in 90-1-131 for activities in the Indian tourism region.
- 12          (6)     The tax proceeds received that are transferred to a state special revenue account pursuant to
- 13 subsection (5)(b) are allocated to the entities."

14  
15           **Section 8.** Section 22-3-1303, MCA, is amended to read:

16           **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital  
17 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax  
18 collections allocated in 15-68-820(3)(a) must be deposited in the account until December 31, 2024. The money  
19 in the account is authorized to the department of administration and may be used only for capital construction of  
20 the Montana heritage center."

21  
22           **Section 9.** Section 22-3-1304, MCA, is amended to read:

23           **"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state  
24 special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The  
25 tax collections allocated in 15-68-820(4)(a) must be deposited in the account. The money in the account may  
26 be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which  
27 may include the veterans' and pioneer memorial building."

1           **Section 10.** Section 22-3-1307, MCA, is amended to read:

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

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

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

9

10           **Section 11.** Section 90-1-135, MCA, is amended to read:

11           **"90-1-135. Special revenue accounts.** (1) There is a state special revenue account in the state  
12 treasury for the receipt of state and private funds and a federal special revenue account in the state treasury for  
13 the receipt of federal funds for expenditure by the state-tribal economic development commission established in  
14 90-1-131.

15           (2) Money in the state special revenue account from proceeds distributed under ~~15-65-121(2)(g)~~  
16 15-65-121(2)(h) is to be used for activities for the Indian tourism region, defined in 15-65-101.

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

19           (a) the commission's administrative costs;

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

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

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

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14

NEW SECTION. **Section 12. Transition.** The first distribution to cities and counties pursuant to [section 1] must be made by August 31, 2024, for taxes collected in fiscal year 2024.

NEW SECTION. **Section 13. Codification instruction.** [Sections 1 and 2] are intended to be codified as an integral part of Title 15, chapter 68, and the provisions of Title 15, chapter 68, apply to [sections 1 and 2].

NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 2023.

NEW SECTION. **Section 15. Applicability.** [This act] applies to sales of accommodations or campgrounds that occur on or after [the effective date of this act], and to the use of accommodations or campgrounds on or after [the effective date of this act], even if the sale occurred before [the effective date of this act].

- END -