

LOCAL OPTION SALES TAX

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary: Section [7-1-112](#), MCA, provides that a local government with self-government powers is prohibited from the exercise of certain powers, including the power to authorize a tax on the sale of goods or services, unless specifically delegated by law. [Article XI, Section 4](#) of the Montana Constitution provides that a local government without self-governing powers has the powers provided by law. Local governments do not have the power to tax goods or services without a law specifically authorizing this power.

This primer does not include information about resort taxes. See the resort tax primer for more information on resort tax laws and resort tax bills.

Legislative Services Division Materials: The 2017-2018 Local Government Interim Committee considered but did not approve a [gateway local option tax bill](#).

[Recipes for Change: A Menu of Property Tax Alternatives](#) prepared on behalf of the Interim Property Tax Committee, 1998

Other Materials:

[Memo: Revenue Impact of Statewide and Local Option Sales Taxes](#) – Department of Revenue

Introduced Legislation

2019

[House Bill No. 194](#) -- (H) Adverse Committee Report Adopted -- AN ACT GENERALLY REVISING TAX LAWS; INCREASING THE TAX RATE ON ACCOMMODATIONS AND CAMPGROUNDS AND ON THE BASE RENTAL CHARGE FOR A RENTAL VEHICLE; PROVIDING AN INCOME TAX CREDIT FOR A PORTION OF STATE ACCOMMODATIONS AND RENTAL VEHICLE SALES TAXES PAID; ALLOWING CERTAIN MUNICIPALITIES, COUNTIES, AND CONSOLIDATED CITY-COUNTY GOVERNMENTS BY A VOTE OF THE ELECTORATE TO ADOPT A LOCAL OPTION TAX ON ACCOMMODATIONS AND CAMPGROUNDS AND ON THE BASE RENTAL CHARGE FOR A RENTAL VEHICLE; PROVIDING THE PURPOSES FOR WHICH THE LOCAL OPTION SALES AND USE TAX REVENUE MUST BE USED; REVISING DEFINITIONS FOR THE LODGING AND FACILITY USE TAX TO CHANGE THE BASIS OF THE TAX FROM THE AMOUNT COLLECTED BY THE FACILITY TO THE AMOUNT PAID BY THE USER; REQUIRING A SHORT-TERM RENTAL MARKETPLACE TO REGISTER WITH THE DEPARTMENT OF REVENUE AND COLLECT ACCOMMODATIONS TAXES, INCLUDING LOCAL OPTION ACCOMMODATIONS TAXES; EXPANDING RULEMAKING AUTHORITY; AMENDING SECTIONS 7-7-4424, 7-7-4428, 15-65-101, 15-65-111, 15-65-112, 15-65-113, 15-65-114, 15-65-115, 15-68-101, 15-68-102, 15-68-510, AND 76-8-103, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE.

[House Bill No. 195](#) -- (H) Died in Standing Committee -- AN ACT AUTHORIZING A MUNICIPALITY, A CONSOLIDATED CITY-COUNTY, A COUNTY, OR A LOCAL OPTION INFRASTRUCTURE TAX DISTRICT, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION INFRASTRUCTURE TAX ON LUXURY GOODS AND LUXURY SERVICES; PROVIDING THAT LOCAL OPTION INFRASTRUCTURE TAX REVENUE MAY BE USED FOR CRITICAL INFRASTRUCTURE PROJECTS; DEFINING "LUXURY GOODS" AND "LUXURY SERVICES" THAT MAY BE TAXED; PROVIDING THAT AN EXISTING RESORT TAX IMPOSED BY A RESORT COMMUNITY, RESORT AREA, OR RESORT AREA DISTRICT MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING FOR A PORTION OF LOCAL OPTION INFRASTRUCTURE TAX REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 435](#) -- (H) Died in Standing Committee -- AN ACT AUTHORIZING A GATEWAY LOCAL OPTION TAX BY A VOTE OF THE QUALIFIED ELECTORS; PROVIDING THAT THE GATEWAY LOCAL OPTION TAX QUESTION DEFINE THE GEOGRAPHIC AREA WHERE THE TAX IS COLLECTED, THE RATE OF THE TAX, AND HOW THE REVENUE WILL BE SPLIT WITHIN THE COUNTY; PROVIDING THE GOODS AND SERVICES SUBJECT TO THE TAX; PROVIDING FOR A PORTION OF GATEWAY LOCAL OPTION TAX TO BE USED FOR PROPERTY TAX RELIEF; PROVIDING THAT AN EXISTING RESORT TAX MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING THAT A GATEWAY LOCAL OPTION TAX DISTRICT MAY GOVERN A GATEWAY LOCAL OPTION TAX; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 740](#) -- (H) Died in Standing Committee -- AN ACT AUTHORIZING A MUNICIPALITY OR A CONSOLIDATED CITY-COUNTY GOVERNMENT, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION SALES TAX; PROVIDING THAT A PORTION OF THE REVENUE BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS AND FOR REBATES FOR ADULTS WHO DO NOT

OWN PROPERTY; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE.

2017

[House Bill No. 577](#) – (H) Died in Standing Committee - AN ACT AUTHORIZING A MUNICIPALITY, A CONSOLIDATED CITY-COUNTY, OR A COUNTY, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION INFRASTRUCTURE TAX ON LUXURY GOODS AND SERVICES; PROVIDING THAT LOCAL OPTION INFRASTRUCTURE TAX REVENUE MAY BE USED FOR CRITICAL INFRASTRUCTURE PROJECTS; DEFINING "LUXURY GOODS AND SERVICES" THAT MAY BE TAXED; PROVIDING THAT AN EXISTING RESORT TAX IMPOSED BY A RESORT COMMUNITY, RESORT AREA, OR RESORT AREA DISTRICT MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING FOR A PORTION OF LOCAL OPTION INFRASTRUCTURE TAX REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill No. 331](#) – (S) Died in Standing Committee - AN ACT AUTHORIZING A MUNICIPALITY, A CONSOLIDATED CITY-COUNTY, OR A COUNTY, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION INFRASTRUCTURE TAX ON LUXURY GOODS AND SERVICES; PROVIDING THAT LOCAL OPTION INFRASTRUCTURE TAX REVENUE MAY BE USED FOR CRITICAL INFRASTRUCTURE PROJECTS; DEFINING "LUXURY GOODS AND SERVICES" THAT MAY BE TAXED; PROVIDING THAT AN EXISTING RESORT TAX IMPOSED BY A RESORT COMMUNITY, RESORT AREA, OR RESORT AREA DISTRICT MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING FOR A PORTION OF LOCAL OPTION INFRASTRUCTURE TAX REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

2015

No introduced bills.

2013

No introduced bills

2011

No introduced bills

2009

[Senate Bill No. 506](#) – (S) Died in Process - AN ACT AUTHORIZING A LOCAL OPTION TOURISM TAX; PROVIDING FOR THE TYPES OF GOODS AND SERVICES THAT MAY BE SUBJECT TO THE LOCAL OPTION TOURISM TAX; PROVIDING THAT LOCAL OPTION TOURISM TAX REVENUE MUST BE USED FOR PROPERTY TAX REDUCTION, DISTRIBUTION TO CERTAIN NEARBY LOCAL GOVERNMENTS, AND FOR ANY PURPOSE REFLECTED IN THE RESOLUTION AUTHORIZING THE LOCAL OPTION TOURISM

TAX; PROHIBITING DOUBLE TAXATION; COORDINATING THE USE OF THE RESORT TAX IMPOSED BY RESORT COMMUNITIES, RESORT AREAS, AND RESORT AREA DISTRICTS; CLARIFYING THAT A MILL LEVY REDUCTION RESULTING FROM TAX RELIEF DUE TO IMPOSITION OF A LOCAL OPTION TOURISM TAX MAY NOT BE REINSTATED WHILE THE TAX IS IN EFFECT WITHOUT AN ELECTION; AMENDING SECTIONS 7-7-4424, 7-7-4428, AND 15-10-420, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE.

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