

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

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.