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Lodging Facility Use Tax Revenue Replacement

DESCRIPTION

The travel and tourism industry is one of the hardest hit industries by the COVID Pandemic. This program would provide lodging facility use tax revenue replacement to tourism related entities that was lost as a result of decreased Lodging Facility Use Tax revenue collections. These funds will help support the tourism industry in Montana.

During the 2019 legislative session HJ 2, estimated that the 3% Lodging Facility Sales Tax would be $26.38 million in FY 20 and $27.287 million in FY 21. This compares to HJ 2 during the current 2021 legislative session, which after taking into account the effects of the COVID Pandemic, shows actual collections in FY 20 of $25.058 in FY and estimated FY 21 collections of $20.878. Using the same relationships, the 4% Lodging Facility Use Tax would have lost $1.763 in FY 20 and $8.545 in FY 21 for a total reduction of $10.308 million in revenue.

RESOURCES NEEDED TO EXECUTE

$10.308 million would be distributed to organizations that would have received the normal distribution of funds. Funds would be distributed by the percentage indicated in statute from MCA 15-65-121. Funds would be utilized using existing resources.

ARPA Lost Revenue Replacement Request

	Total Request
Historical Society	$ 103,080
University	$ 257,700
FWP	$ 670,020
AIS	$ 144,312
Historical Interpretation	$ 268,008
Commerce	$ 6,494,040
Regions CVB's	$ 2,319,300
Tribal Tourism	$ 51,540
All Totals	$ 10,308,000

OBJECTIVES

Nationally the U.S. travel economy has lost nearly $500 billion in cumulative losses as a result of the COVID-19 pandemic. That equates to losses of $1.75 billion per day of the pandemic. One measure of this decline is the lodging facility use tax collection which was down 21% in calendar year 2020 compared to 2019.

MEASURABLE OUTCOMES

By 2024, nonresident visitor spending will increase by $565.9 million from the 2020 preliminary estimate of $3,760.8 million.