

1 HOUSE BILL NO. 430

2 INTRODUCED BY J. GILLETTE, G. HERTZ

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A RENT LOCAL PROGRAM FUNDED WITH A  
5 TAX ON SHORT TERM RENTALS; PROVIDING THAT THE PROGRAM IS OPTIONAL FUNDED WITH  
6 LODGING FACILITY TAX REVENUE FUNDED WITH A TAX ON SHORT-TERM RENTALS; PROVIDING  
7 THAT THE PROGRAM IS OPTIONAL; REQUIRING PROGRAM APPROVAL BY THE QUALIFIED  
8 ELECTORS; PROVIDING THAT THE PROGRAM PROVIDES REBATES TO PROPERTY OWNERS WHO  
9 RENT RESIDENTIAL DWELLINGS TO LOCAL EMPLOYEES; PROVIDING FOR ADMINISTRATION OF A  
10 RENT LOCAL PROGRAM; PROVIDING FOR PROGRAM ADMINISTRATIVE COSTS; PROVIDING A  
11 STATUTORY APPROPRIATION; PROVIDING A FUND TRANSFER; PROVIDING AN A STATUTORY  
12 APPROPRIATION; PROVIDING RULEMAKING AUTHORITY; ESTABLISHING REPORTING  
13 REQUIREMENTS; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-65-121, 15-68-101, 15-68-102, 15-  
14 68-502, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304, AND 22-3-1307, MCA; AMENDING SECTION 15-65-121,  
15 MCA SECTIONS 15-65-121, 15-68-101, 15-68-102, 15-68-502, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304,  
16 AND 22-3-1307; AND PROVIDING A DELAYED AN IMMEDIATE A DELAYED EFFECTIVE DATE AND AN  
17 APPLICABILITY A TERMINATION AN APPLICABILITY DATE."

18

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20

21 (Refer to Introduced Bill)

22 Strike everything after the enacting clause and insert:

23

24 NEW SECTION. Section 1. Rent local program -- election required -- definitions. (1) An  
25 incorporated city, resort area, resort area district, consolidated city-county, or county in which the tax on short-  
26 term rentals provided for in 15-68-102(1)(b) and (3)(a)(ii) is levied shall use the revenue distributed pursuant to  
27 [section 2] for a rent local program as provided in this section.

28 (2) The rent local program must be used to provide rebates to property owners who rent residential

1 dwellings to local employees. On approval by the qualified electors as provided in subsection (4), the governing  
2 body shall enact an ordinance governing the program. The ordinance may be amended at any time as may be  
3 necessary to administer the program. The ordinance must include:

- 4 (a) the application process for the program;
- 5 (b) the maximum rents by residential dwelling size that qualify for the program;
- 6 (c) the rebate amounts available to qualifying property owners;
- 7 (d) whether a property owner may receive a rebate for multiple residential dwellings;
- 8 (e) the minimum lease term, which may not be less than 1 year;
- 9 (f) the information that a property owner shall provide to confirm the tenant is a local employee;
- 10 (g) a schedule for providing payments to property owners approved for the rent local program;
- 11 (h) the procedure for determining the continued eligibility for a property owner and a local  
12 employee; and
- 13 (i) any other information necessary to administer the program.

14 (3) The governing body may administer the rent local program or may contract a third-party  
15 administrator to administer the rent local program on behalf of the governing body. Not more than 15% of the  
16 revenue designated for the rent local program may be used for administrative costs incurred by the governing  
17 body or the third-party administrator.

18 (4) (a) The governing body of an incorporated city, resort area, resort area district, consolidated  
19 city-county, or county may not establish a rent local program and impose the short-term rental tax provided for  
20 in 15-68-102(1)(b) and (3)(a)(ii) unless the rent local program question has been approved by a majority of the  
21 qualified electors voting on the question.

22 (b) The rent local program question may be presented to the qualified electors of:

- 23 (i) an incorporated city, consolidated city-county, or county by a petition of the electors as  
24 provided in 7-5-131, 7-5-132, 7-5-134, 7-5-135, and 7-5-137 or by a resolution of the governing body of the  
25 incorporated city, consolidated city-county, or county;
- 26 (ii) a resort area by a resolution of the board of county commissioners, following receipt of a  
27 petition of electors signed by at least 15% of the qualified electors of the resort area; or
- 28 (iii) a resort area district by a resolution of the board of directors of the resort area district in

1 accordance with special district election procedures provided in 13-1-501 through 13-1-505.

2 (c) The petition or resolution referring the rent local program question must state:

3 (i) the rate of the short-term rental tax;

4 (ii) the duration of the short-term rental tax, which may not exceed 6 years without reapproval; and

5 (iii) the date when the short-term rental tax becomes effective, which may not be earlier than 90  
6 days after the election.

7 (d) On receipt of an adequate petition, the governing body shall hold an election in accordance  
8 with Title 13, chapter 1, part 5.

9 (e) Notice of the election must be given as provided in 13-1-108 and include the information listed  
10 in subsection (4)(c) of this section.

11 (5) On approval of the electorate, the governing body shall provide the petition or resolution to the  
12 department of revenue.

13 (6) As used in this section, the following definitions apply:

14 (a) "Governing body" means:

15 (i) if the tax is levied in an incorporated city, the governing body of the incorporated city;

16 (ii) if the tax is levied in a resort area and the qualified electors of the resort area established a  
17 resort area district, the district board of directors; or

18 (iii) if the tax is levied in a consolidated city-county, the governing body of the consolidated city-  
19 county; or

20 (iv) except as provided in subsection (6)(a)(iii), if the tax is levied outside of an incorporated city or  
21 a resort area district, the board of county commissioners.

22 (b) "Local employee" means an employee who works an average of 30 hours or more a week for  
23 an employer located within the incorporated city, resort area, resort area district, consolidated city-county, or  
24 county.

25 (c) "Third-party administrator" means a private, nonprofit organization with expertise in housing  
26 that a governing body contracts to administer a rent local program.

27  
28 **NEW SECTION. Section 2. Rent local program account.** (1) There is a rent local program account

1 in the state special revenue fund provided for in 17-2-102.

2 (2) The tax collections provided for in 15-68-820(4) must be deposited in the account.

3 (3) The money in the account is statutorily appropriated, as provided in 17-7-502, to the  
4 department of revenue. The department shall distribute the money in the account, less up to 5% for department  
5 administrative costs, to the governing body of the incorporated city, resort area, resort area district,  
6 consolidated city-county, or county where the tax provided for in 15-68-102(1)(b) and (3)(a)(ii) was collected.

7

8 **Section 3.** Section 15-65-121, MCA, is amended to read:

9 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-  
10 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special  
11 revenue fund to the credit of the department. The department may spend from that account in accordance with  
12 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
13 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
14 17-2-124 and as provided in subsections (2)(a) through (2)(i) of this section, the department shall determine the  
15 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from  
16 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was  
17 paid with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount  
18 deducted less the portion paid with federal funds in the state general fund.

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

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

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

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

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

6 (e) 60.3% to be used directly by the department of commerce;

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

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

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

17 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
18 115; and

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

23 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under ~~15-68-~~  
24 ~~820(5)(b)(iii)~~ 15-68-820(6)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and  
25 visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those  
26 funds must be allocated to the regional nonprofit tourism corporation in the region in which the city,  
27 consolidated city-county, resort area, or resort area district is located.

28 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual

1 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism  
2 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a  
3 location for the production of motion pictures and television commercials.

4 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
5 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-  
6 7-502.

7 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
8 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account  
9 pursuant to subsection (2)(h), and to the Montana heritage preservation and development account pursuant to  
10 subsection (2)(i) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.  
11 2021.)

12 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax  
13 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the  
14 state special revenue fund to the credit of the department. The department may spend from that account in  
15 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting  
16 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with  
17 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department  
18 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%  
19 of that amount from the tax proceeds received each reporting period. The department shall distribute the  
20 portion of the 4% 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. The  
22 amount of \$400,000 each year must be deposited in the Montana heritage preservation and development  
23 account provided for in 22-3-1004.

24 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the  
25 expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
26 federal funds, or deposited in the heritage preservation and development account must be transferred to an  
27 account in the state special revenue fund to the credit of the department of commerce for tourism promotion  
28 and promotion of the state as a location for the production of motion pictures and television commercials, to the

1 Montana historical interpretation state special revenue account, to the Montana historical society, to the  
2 university system, to the state-tribal economic development commission, and to the department of fish, wildlife,  
3 and parks, as follows:

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

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

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

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

11 (e) 63% to be used directly by the department of commerce;

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

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

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

22 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
23 115.

24 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under ~~15-68-~~  
25 ~~820(5)(b)(iii)~~ 15-68-820(6)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and  
26 visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those  
27 funds must be allocated to the regional nonprofit tourism corporation in the region in which the city,  
28 consolidated city-county, resort area, or resort area district is located.

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

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

8 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
9 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account  
10 pursuant to subsection (2)(h) are subject to appropriation by the legislature."  
11

12 **Section 4.** Section 15-68-101, MCA, is amended to read:

13 **"15-68-101. Definitions.** For purposes of this chapter, unless the context requires otherwise, the  
14 following definitions apply:

15 (1) (a) "Accommodations" means short-term rentals or individual sleeping rooms, suites, camping  
16 spaces, or other units offered for overnight lodging periods of less than 30 days to the general public for  
17 compensation.

18 (b) Accommodations include units located in property represented to the public as a hotel, motel,  
19 campground, resort, dormitory, condominium inn, condominium hotel, dude ranch, guest ranch, hostel, public  
20 lodginghouse, bed and breakfast facility, vacation home, home, apartment, timeshare, room, or rooms rented  
21 by or on behalf of the owner or seller.

22 (c) The term does not include:

23 (i) a health care facility, as defined in 50-5-101;

24 (ii) any facility owned by a corporation organized under Title 35, chapter 2 or 3;

25 (iii) a facility that is used primarily by persons under 18 years of age for camping purposes; or

26 (iv) rooms or spaces offered separately to the general public for nonlodging purposes, including  
27 meeting, conference, or banquet spaces.

28 (2) (a) "Base rental charge" means the following:

1 (i) charges for time of use of the rental vehicle and mileage, if applicable;  
 2 (ii) charges accepted by the renter for insurance;  
 3 (iii) charges for additional drivers or underage drivers; and  
 4 (iv) charges for child safety restraints, luggage racks, ski racks, or other accessory equipment for the  
 5 rental vehicle.

6 (b) The term does not include:  
 7 (i) rental vehicle price discounts allowed and taken;  
 8 (ii) rental charges or other charges or fees imposed on the rental vehicle owner or operator for the  
 9 privilege of operating as a concessionaire at an airport terminal building;  
 10 (iii) motor fuel;  
 11 (iv) intercity rental vehicle drop charges; or  
 12 (v) taxes imposed by the federal government or by state or local governments.

13 (3) (a) "Campground" means a place used for public camping where persons may camp, secure  
 14 tents, or park individual recreational vehicles for camping and sleeping purposes.

15 (b) The term does not include that portion of a trailer court, trailer park, or mobile home park intended  
 16 for occupancy by trailers or mobile homes for resident dwelling purposes for periods of 30 consecutive days or  
 17 more.

18 (4) "Condominium hotel" means a facility in which some or all of the units or accommodations are  
 19 separate condominiums, but that is held out to the public and operated as a single facility with a common front  
 20 desk and other associated lodging services and amenities.

21 (5) "Engaging in business" means carrying on or causing to be carried on any activity with the  
 22 purpose of receiving direct or indirect benefit.

23 (6) "Governing body" means:

24 (a) if the tax is levied in an incorporated city, the governing body of the incorporated city;

25 (b) if the tax is levied in a resort area and the qualified electors of the resort area established a  
 26 resort area district, the district board of directors;

27 (c) if the tax is levied in a consolidated city-county, the governing body of the consolidated city-  
 28 county; or

1 (d) except as provided in subsection (6)(c), if the tax is levied outside of an incorporated city or a  
2 resort area district, the board of county commissioners.

3 ~~(5)(7)~~ (a) "Motor vehicle" means:

- 4 (i) a light vehicle as defined in 61-1-101;
- 5 (ii) a motorcycle as defined in 61-1-101;
- 6 (iii) a motor-driven cycle as defined in 61-1-101;
- 7 (iv) a quadricycle as defined in 61-1-101;
- 8 (v) a motorboat or a sailboat as defined in 23-2-502; or
- 9 (vi) an off-highway vehicle as defined in 23-2-801 that:

- 10 (A) is rented for a period of not more than 30 days;
- 11 (B) is rented without a driver, pilot, or operator; and
- 12 (C) is designed to transport 15 or fewer passengers.

13 (b) Motor vehicle includes:

- 14 (i) a rental vehicle rented pursuant to a contract for insurance; and
- 15 (ii) a truck, trailer, or semitrailer that has a gross vehicle weight of less than 22,000 pounds, that is  
16 rented without a driver, and that is used in the transportation of personal property.

17 (c) The term does not include farm vehicles, machinery, or equipment.

18 ~~(6)(8)~~ "Online hosting platform" means any person that provides an online application, software,  
19 website, or system through which a seller may advertise, rent, or furnish accommodations or rental vehicles  
20 and through which a purchaser may arrange for use of those accommodations or the use or lease of rental  
21 vehicles. Online hosting platforms include any online travel company or third-party reservation intermediary that  
22 facilitates the sale or use of accommodations or rental vehicles.

23 ~~(7)(9)~~ "Person" means an individual, estate, trust, fiduciary, corporation, partnership, limited liability  
24 company, limited liability partnership, online hosting platform, or any other legal entity.

25 ~~(8)(10)~~ "Purchaser" means a person to whom a sale of accommodations or a rental vehicle is made or  
26 to whom a service is furnished.

27 ~~(9)(11)~~ "Rental vehicle" means a motor vehicle that is used for or by a person other than the owner of  
28 the motor vehicle through an arrangement and for consideration.

1 ~~(12)~~ "Resort area" has the meaning provided in 7-6-1501.

2 ~~(13)~~ "Resort area district" has the meaning provided in 7-6-1501.

3 ~~(10)(14)~~ "Retail sale" means any sale, lease, or rental for any purpose other than for resale, sublease,  
4 or subrent.

5 ~~(14)(15)~~ "Sale" or "selling" means the rental or use of accommodations or rental vehicles for  
6 consideration or the performance of a service for consideration.

7 ~~(12)(16)~~ (a) "Sales price" applies to the measure subject to the tax under Title 15, chapter 65, and this  
8 chapter and means the total amount paid by the purchaser in the form of consideration, including cash, credit,  
9 property, and services, for which sales of accommodations, rental vehicles, or services are provided, sold,  
10 leased, or rented or valued in money, whether received in money or otherwise, without any deduction for the  
11 following:

12 (i) the seller's cost of the property sold;

13 (ii) the cost of materials used, labor or service costs, interest, losses, all costs of transportation to the  
14 seller, all taxes imposed on the seller, and any other expense of the seller;

15 (iii) charges by the seller for any services necessary to complete the sale;

16 (iv) delivery charges; or

17 (v) installation charges.

18 (b) The amount received for charges listed in subsections ~~(12)(a)(ii) through (12)(a)(v)~~ (16)(a)(ii)  
19 through (16)(a)(v) are excluded from the sales price if they are separately stated on the invoice, billing, or  
20 similar document given to the purchaser and the charge is not subject to subsection ~~(12)(d)~~ (16)(d).

21 (c) The term does not include:

22 (i) charges for meals, transportation, entertainment, or any other similar charges; or

23 (ii) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of  
24 sale, or similar document given to the purchaser.

25 (d) Unless specifically excluded, sales price includes any separate charge or fee that a purchaser  
26 must pay to facilitate the sale or rental of the accommodations or rental vehicle, including a fee or a service,  
27 commission, or other charge by an online hosting platform.

28 ~~(13)(17)~~ "Sales tax" and "use tax" mean the applicable tax imposed by 15-68-102.

1 ~~(14)~~(18) "Seller" means a person that makes sales of accommodations or rental vehicles, including an  
2 online hosting platform.

3 ~~(15)~~(19) (a) "Service" means an activity that is engaged in for another person for consideration and  
4 that is distinguished from the sale or lease of accommodations or rental vehicles. Service includes activities  
5 performed by an online hosting platform.

6 (b) In determining what a service is, the intended use, principal objective, or ultimate objective of the  
7 contracting parties is irrelevant.

8 ~~(16)~~(20) (a) "Short-term rental" means any individually or collectively owned single-family house or  
9 dwelling unit or any unit or group of units in a condominium, cooperative, timeshare, or owner-occupied  
10 residential home that is offered for a fee for 30 days or less.

11 ~~(b)~~ The term does not include a condominium hotel.

12 ~~(17)~~(21) "Short-term rental marketplace" means a person that provides a platform through which a  
13 seller or the authorized agent of the seller offers a short-term rental to an occupant.

14 ~~(18)~~(22) "Timeshare" means any facility for which multiple parties or individuals own a right to use the  
15 facility for lodging purposes, and these parties or individuals do not hold claim to ownership of the physical  
16 property."

17

18 **Section 5.** Section 15-68-102, MCA, is amended to read:

19 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions -- rules.** (1) A sales tax of  
20 the following percentages is imposed on sales of the following property or services:

21 (a) 4% on accommodations and campgrounds;

22 (b) 0.25% on a short-term rental located in an incorporated city, resort area, resort area district,  
23 consolidated city-county, or county that establishes a rent local program provided for in [section 1];

24 (c) 4% on the base rental charge for rental vehicles.

25 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the  
26 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be  
27 applied to the sales price.

28 (3) (a) For the privilege of using property or services within this state, there is imposed on the person

1 using the following property or services a use tax equal to the following percentages of the value of the property  
2 or services:

3 (i) 4% on accommodations and campgrounds;

4 (ii) 0.25% on a short-term rental located in an incorporated city, resort area, resort area district,  
5 consolidated city-county, or county that establishes a rent local program provided for in [section 1];

6 (iii) 4% on the base rental charge for rental vehicles.

7 (b) The use tax is imposed on property or services that were:

8 (i) acquired outside this state as the result of a transaction that would have been subject to the sales  
9 tax had it occurred within this state;

10 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a  
11 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an  
12 Indian reservation within this state;

13 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by  
14 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's  
15 subsequent use of the property, is subject to the sales tax or use tax; or

16 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but  
17 that because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

18 (4) For purposes of this section, the value of property must be determined as of the time of  
19 acquisition, introduction into this state, or conversion to use, whichever is latest.

20 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the tax  
21 imposed in subsections (1) and (3).

22 ~~(6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and~~  
23 ~~(3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed~~  
24 ~~charge for accommodations or campgrounds.~~

25 (6) On receiving the petition or resolution provided for in [section 1], the department shall notify  
26 sellers in the incorporated city, resort area, resort area district, consolidated city-county, or county of the tax to  
27 be collected pursuant to subsections (1)(b) and (3)(a)(ii).

28 (7) The department may adopt rules to provide procedures for notification by the governing body of

1 the establishment of a rent local program and to facilitate the administration of the short-term rental tax."

2  
3 **Section 6.** Section 15-68-502, MCA, is amended to read:

4 **"15-68-502. Returns -- payment -- authority of department.** (1) (a) Except as provided in  
5 subsection (2), on or before the last day of the month following the calendar quarter in which the transaction  
6 subject to the tax imposed by this chapter occurred, a return, on a form provided by the department, and  
7 payment of the tax for the preceding quarter must be filed with the department.

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

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

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

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

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

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

18 (ii) a person that:

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

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

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

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

28 (b) For the purpose of determining compliance with the provisions of this chapter, the department is

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

- 6 (i) require the attendance of a person having knowledge or information relevant to a return;
- 7 (ii) compel the production of books, papers, records, or memoranda by the person required to attend;
- 8 (iii) implement the provisions of 15-1-703 if the department determines that the collection of the tax is  
 9 or may be jeopardized because of delay;
- 10 (iv) take testimony on matters material to the determination; and
- 11 (v) administer oaths or affirmations.

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

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

16 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~  
 17 ~~all~~ All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by  
 18 the department ~~into the general fund as provided in subsections (2) through (7).~~

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

21 (a) 75% in the general fund;

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

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

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

27 (b) 25% as provided in subsection (5).

28 (4) The revenue collected on the sale or use of short-term rentals under 15-68-102(1)(b) and

1 ~~(3)(a)(ii) must be deposited in the rent local program account provided for in [section 2].~~

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

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

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

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

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

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

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

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

15 ~~(5)(6) (a) Before allocating the balance of the tax proceeds provided for in subsection (5)(b)(ii) in~~  
16 ~~accordance with the provisions of 17-2-124 and as provided in subsection (5)(b) (6)(b) of this section, the~~  
17 ~~department shall determine the expenditures by state agencies for in-state lodging for each reporting period~~  
18 ~~and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall~~  
19 ~~distribute the portion of the 1% that was paid with federal funds to the agency that made the in-state lodging~~  
20 ~~expenditure and deposit 30% of the amount deducted less the portion paid with federal funds in the state~~  
21 ~~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 that  
28 have both resident and nonresident use;

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

(iii) (A) except as provided in subsection ~~(5)(b)(iii)(B)~~ (6)(b)(iii)(B), 24% to be distributed by the department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

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

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

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

**Section 8.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218; 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; [section 2]; 15-70-101; 15-70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-

1 11-112; 19-3-319; 19-3-320; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-  
2 19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [ 20-15-328]; 20-26-617; 20-26-1503;  
3 22-1-327; 22-3-116; 22-3-117; [ 22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-  
4 10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-  
5 102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-  
6 321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-  
7 150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-  
8 112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [ 85-25-102];  
9 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

10 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
11 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
12 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
13 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined  
14 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have  
15 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the  
16 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement  
17 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410  
18 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental  
19 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on  
20 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117  
21 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30,  
22 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025;  
23 pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8,  
24 Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec.  
25 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017,  
26 the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-  
27 209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates  
28 June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June

1 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to  
 2 sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139,  
 3 L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion  
 4 of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004  
 5 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30,  
 6 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and  
 7 pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

8

9

**Section 9.** 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)~~ 15-68-820(5) must be deposited in the account until December 31,  
 13 2024. The money in the account is authorized to the department of administration and may be used only for  
 14 capital construction of the Montana heritage center."

15

16

**Section 10.** 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)~~ 15-68-820(5) must be deposited in the account. The money in the  
 20 account may be used only for expenses incurred in the operation and maintenance of the Montana heritage  
 21 center, which may include the veterans' and pioneer memorial building."

22

23

**Section 11.** 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)~~ 15-68-820(5) 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.

**Amendment - 1st Reading-white - Requested by: Emma Kerr-Carpenter - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0430.002.001

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

3  
4 NEW SECTION. Section 12. Codification instruction. [Sections 1 and 2] are intended to be codified  
5 as an integral part of Title 15, chapter 68, and the provisions of Title 15, chapter 68, apply to [sections 1 and 2].

6  
7 NEW SECTION. Section 13. Effective date. [This act] is effective January 1, 2024.

8  
9 NEW SECTION. Section 14. Applicability. [This act] applies to short-term rentals offered for a fee  
10 after December 31, 2023.

11 - END -