

1 SENATE BILL NO. 540
2 INTRODUCED BY D. ZOLNIKOV

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO STATE-FUNDED TOURISM
5 PROMOTION THROUGH THE DEPARTMENT OF COMMERCE; REQUIRING THE DEPARTMENT OF
6 COMMERCE TO USE THE LODGING FACILITY USE TAX REVENUE FOR SPECIFIC PURPOSES;
7 TRANSFERRING FUNDS FROM THE DEPARTMENT OF COMMERCE LODGING FACILITY USE TAX
8 ALLOCATION TO FUND THE REVOLVING LOAN PROGRAM ACCOUNT; PROVIDING FOR A FEE;
9 PROVIDING RULEMAKING AUTHORITY; ~~PROVIDING DEFINITIONS; AND~~ AMENDING SECTION 15-65-
10 121, MCA; ~~AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."~~

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 NEW SECTION. **Section 1. Lodging facility use tax allocation -- allowable uses -- unspent fund**

15 **redistribution -- rulemaking -- fees.** (1) On an annual basis, the tax proceeds that are transferred to the
16 department's state special revenue account pursuant to 15-65-121 must be used as follows:

- 17 (a) ~~38% 43%~~ for tourism media, ~~and~~ advertising ~~and~~ film programs, made-in-Montana promotions
18 and main street programs, wayfinding and signage, and support to trade offices;
- 19 (b) ~~25% 22.5%~~ for rural tourism, ~~and~~ under-visited area attraction projects, and tribal tourism,
20 including infrastructure, tourism-related emergency services, marketing, and promotional activities;
- 21 (c) ~~20% 23%~~ for tourism grants, including agritourism grants and Montana-based film grants;
- 22 (d) ~~6% subject to subsection (5), 6.5%~~ for revolving loan programs and regional tourism
23 assistance; and
- 24 (e) ~~7% 5%~~ to use in collaboration with the office of economic development established in 2-15-218
25 for new tourism attractions, other state business development programs, and support for the activities in
26 subsections (1)(a) through (1)(d) ~~and (1)(f) through (1)(h)~~ of this section;
- 27 (f) ~~2% for made-in-Montana promotions and main street programs;~~
- 28 (g) ~~1% for wayfinding and signage; and~~

1 ~~(h) — 1% to support trade offices.~~

2 (2) The department shall pay personal costs, operating costs, and any costs associated with a
3 program or project ~~within the associated budget parameters in subsection (1) provided for in subsections (1)(a)~~
4 ~~through (1)(e) at its discretion.~~

5 (3) ~~(a) By June 30 of each year, any unspent funds in subsections (1)(a), (1)(e), (1)(f), or (1)(h)~~
6 ~~may be redistributed for advertising, promotional activities, or tourism grants under subsections (1)(a), (1)(b), or~~
7 ~~(1)(e).~~

8 ~~(b) —~~ The department may redistribute the unspent unencumbered funds in subsection ~~(3)(a)~~ (1)(a)
9 to each applicable program at its discretion by December 31 of each year.

10 (4) The department may adopt rules to:

11 (a) determine criteria for a rural area, an under-visited area, and qualifications for funds for
12 attraction projects under subsection (1)(b); and

13 (b) implement the tourism grant program, the regional tourism assistance program, and the
14 revolving loan program under subsections (1)(c) and (1)(d) and charge a fee commensurate with the cost of the
15 program.

16 ~~(5) — For the purposes of this section, the following definitions apply:~~

17 ~~(a) — "Rural tourism" means a type of tourism activity in which the visitor's experience takes place in~~
18 ~~nonurban areas with low population density and landscape and land use dominated by agriculture and forestry.~~

19 ~~(b) — "Under-visited area" means an area that attains below-average hotel occupancy relative to the~~
20 ~~state for a period determined by rule.~~

21 ~~(5) —~~ If the tax proceeds designated for revolving loan programs and regional tourism assistance
22 pursuant to subsection (1)(d) exceed \$35 million, the tax proceeds that exceed \$35 million must be
23 redistributed for the purposes and in the proportions provided for in subsections (1)(a) through (1)(e).

24

25 **Section 2.** Section 15-65-121, MCA, is amended to read:

26 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
27 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
28 revenue fund to the credit of the department. The department may spend from that account in accordance with

1 NEW SECTION. Section 3. Transfer of funds. No later than ~~June 30~~ October 1, 2023, the state
2 treasurer shall transfer all unencumbered funds in the state special revenue fund designated in 15-65-121(2)(E)
3 to the credit of the department of commerce to the revolving loan program under [section 1(1)(d)].
4

5 NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
6 integral part of Title 90, chapter 1, part 1, and the provisions of Title 90, chapter 1, part 1, apply to [section 1].
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8 NEW SECTION. Section 5. — Effective date. [This act] is effective on passage and approval.
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- END -

AMENDED