

SENATE BILL NO. 409

INTRODUCED BY D. ZOLNIKOV

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE DEPARTMENT OF COMMERCE; REVISING LAWS RELATED TO LODGING FACILITY USE TAX REVENUES; REQUIRING THE DEPARTMENT OF COMMERCE TO USE THE LODGING FACILITY USE TAX REVENUE FOR SPECIFIC PURPOSES; EXPANDING THE SCOPE OF THE EMERGENCY LODGING FOR VICTIMS OF DOMESTIC VIOLENCE OR HUMAN TRAFFICKING PROGRAM AND MAKING IT PERMANENT; AMENDING SECTIONS 15-65-121, 44-4-1505, AND 44-4-1506, MCA; AMENDING SECTION 12, CHAPTER 563, LAWS OF 2021, AND SECTION 10, CHAPTER 758, LAWS OF 2023; REPEALING SECTION 90-1-122, MCA; AND PROVIDING EFFECTIVE DATES."

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

Section 1. Section 15-65-121, MCA, is amended to read:

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

(2) — The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account must be transferred to an

1 account in the state special revenue fund to the credit of the department of commerce for the purposes
2 designated under 90-1-122, to the emergency lodging for victims of domestic violence or human trafficking
3 account, to the Montana historical interpretation state special revenue account, to the Montana historical
4 society, to the university system, to the state tribal economic development commission, and to the department
5 of fish, wildlife, and parks, as follows:

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

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

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

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

13 (e) ~~60.2% to be used directly by the department of commerce as provided in 90-1-122[, and in part~~
14 ~~to renovate the Miles City train depot];~~

15 (f) ~~0.1% to the emergency lodging for victims of domestic violence or human trafficking account~~
16 ~~established in 44-4-1506;~~

17 (g) ~~(i) except as provided in subsection (2)(g)(ii), 22.5% to be distributed by the department to~~
18 ~~regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total~~
19 ~~proceeds collected statewide; and~~

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

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

27 (i) ~~2.6% to the Montana historical interpretation state special revenue account established in 22-3-~~
28 ~~115; and~~

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

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

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

(5) — The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-1506.

(6) — The tax proceeds received that are transferred to the invasive species state special revenue account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027—sec. 12, Ch. 563, L. 2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025—sec. 34, Ch. 763, L. 2023.)

15-65-121. (Effective July 1, 2027 2025) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department of revenue. The department of revenue may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of

the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in ~~subsections (2)(a) through (2)(h)~~ subsection (2) of this section, the department of revenue shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department of revenue shall distribute the portion of the 4% deducted from the state agencies in-state lodging calculation that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. ~~The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.~~

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, ~~deposited in the state general fund, or distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account~~ must be transferred to an account individual accounts in the state special revenue fund to the credit of the department of commerce for the purposes designated under 90-1-122, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, to the state tribal economic development commission, and to the department of fish, wildlife, and parks, as follows:

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

(A) 1% TO THE MONTANA HISTORICAL SOCIETY TO BE USED FOR THE INSTALLATION OR MAINTENANCE OF ROADSIDE HISTORICAL SIGNS AND HISTORIC SITES;

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

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

~~(d)(c)(D) 1.4% 1.5%~~ to the invasive species state special revenue account established in 80-7-1004;

~~(e) 63% to be used directly by the department of commerce as provided in 90-1-122;~~

~~(d)(E) 24.5% to be used by the department of commerce for tourism media, advertising film programs,~~

made-in-Montana promotions and main street programs, wayfinding and signage, and support to trade offices;

~~(e)(F)~~ 17% 16.5% to be used by the department of commerce for rural tourism, under-visited area attraction projects, and tribal tourism, including infrastructure, marketing, and promotional activities;

~~(f)(G)~~ 16% 15.5% to be used by the department of commerce for tourism-related emergency services and tourism grants, including agritourism grants and Montana-based film grants;

~~(g)(H)~~ 2.5% to be used by the department of commerce in collaboration with the office of economic development established in 2-15-218 for regional tourism assistance, new tourism attractions, and other state business development programs;

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

(ii) if 22.5% 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;

~~(g)(i)(J)~~ 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; and

~~(h)(j)(K)~~ 2.6% 2.5% to the Montana historical interpretation state special revenue account established in 22-3-115; ;

~~(k)(L)~~ 2.5% to the emergency lodging and recovery for victims of domestic violence or human trafficking account established in 44-4-1506;

~~(l)(M)~~ 2% to the Montana heritage preservation and development account provided for in 22-3-1004; and

~~(m)(N)~~ any unspent funds from the accounts in subsections ~~(2)(d)~~ ~~(2)(E)~~ through ~~(2)(g)~~ ~~(2)(H)~~ must be deposited into the account of subsection ~~(2)(d)~~ ~~(2)(E)~~ BY OCTOBER 1 OF EACH YEAR.

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or

submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

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

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections ~~(2)(a) through (2)(c), (2)(e), and (2)(f)~~ ~~(2)(a), (2)(b), and (2)(d) through (2)(h)~~ ~~(2)(A) THROUGH (2)(C) AND (2)(E) THROUGH (2)(I)~~ are statutorily appropriated to the entities as provided in 17-7-502.

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

Section 2. Section 44-4-1505, MCA, is amended to read:

"44-4-1505. ~~(Temporary)~~ Emergency lodging and recovery program for victims of domestic violence or human trafficking -- grants -- rulemaking -- definitions. (1) There is an emergency lodging and recovery program for licensed establishments located in the state to assist designated organizations in providing short-term lodging and recovery assistance in the state to individuals and families that are victims of domestic violence or human trafficking.

(2) (a) Subject to the provisions of this section, participating establishments may submit a grant application to the department of justice for providing emergency lodging and recovery assistance to an individual or family who is in immediate need of shelter based on being a victim of domestic violence or human trafficking.

(b) In order to be eligible for the grant, the individual or family must be referred to the establishment by a designated organization.

(3) Grant funds for the program are provided from funding in the emergency lodging and recovery

for victims of domestic violence or human trafficking state special revenue account provided for in 44-4-1506.

The grant:

(a) is equal to the lesser of the average daily rate or the state rate for each night lodging was provided at no cost to the individual or the referring organization;

(b) is limited to a maximum of 5 nights' lodging for each individual or family for each calendar year;

(c) may be claimed only for lodging provided in the state; and

(d) is exempt from the lodging and facility use tax imposed by 15-65-111 or the sales tax and use tax on accommodations imposed by 15-68-102.

(4) Participating establishments may offer lodging based on availability of rooms.

(5) The department of justice shall maintain a registry of designated organizations and shall provide a list of approved organizations to establishments on request. The department of justice shall seek comment from appropriate statewide nonprofit organizations when developing and updating the registry.

(6) The grants provided in this section are subject to available funding and are not guaranteed. The grant does not apply to the costs of providing lodging to an individual who is displaced by a major disaster declared by the president under 42 U.S.C. 5170 or 5191 and who receives financial assistance for temporary housing under 42 U.S.C. 5174.

(7) The department of justice may adopt rules, prepare forms, and maintain records that are necessary to implement and administer this section.

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

(a) (i) "Average daily rate" means the total amount of lodging receipts received by the establishment during the night of the emergency stay without regard to local and state taxes received divided by the number of rooms the establishment received compensation for during the night of the emergency stay.

(ii) The term does not include grant money received pursuant to this section.

(b) "Designated organization" means a charitable organization or government entity approved by the department of justice to make referrals for emergency lodging.

(c) "Establishment" means a person or entity that makes sales of accommodations as defined in 15-68-101.

(d) "State rate" means the rate the state pays for state employees in travel status that is adopted

by the department of administration. (~~Terminates June 30, 2027—sec. 10, Ch. 758, L. 2023.~~)"

Section 3. Section 44-4-1506, MCA, is amended to read:

"44-4-1506. ~~(Temporary)~~ Emergency lodging and recovery for victims of domestic violence or human trafficking account. (1) There is an emergency lodging and recovery for victims of domestic violence or human trafficking account in the state special revenue fund. The account is administered by the department of justice.

(2) The revenue allocated to the account as provided in 15-65-121~~(2)(f)(2)(k)~~ (2)(L) must be deposited in the account and distributed as provided in 44-4-1505.

(3) Money in the account is statutorily appropriated, as provided in 17-7-502, to the department of justice to provide grants to licensed establishments that provide short-term lodging and recovery assistance in the state to individuals and families that are victims of domestic violence or human trafficking pursuant to 44-4-1505. (~~Terminates June 30, 2027—sec. 10, Ch. 758, L. 2023.~~)"

Section 4. Section 12, Chapter 563, Laws of 2021, is amended to read:

"Section 12. Termination. (1) ~~[Sections 4 through 5 and 6]~~ terminate June 30, 2027.

(2) [Section 4] terminates June 30, 2025."

Section 5. Section 10, Chapter 758, Laws of 2023, is amended to read:

"Section 10. Termination. (1) ~~[Sections 1 through Section 6]~~ ~~terminate~~ terminates June 30, 2027.

(2) [Section 3] terminates June 30, 2025."

NEW SECTION. **Section 6. Repealer.** The following section of the Montana Code Annotated is repealed:

90-1-122. Lodging facility use tax allocation -- allowable uses -- unspent fund redistribution -- rulemaking - fees.

NEW SECTION. **Section 7. Effective dates.** (1) Except as provided in subsection (2), [this act] is

1 effective upon passage and approval.

2 (2) [Sections 1 through 3 and 6] are effective July 1, 2025.

3 - END -