

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING PROPERTY TAX ASSISTANCE FOR PRIMARY
5 RESIDENCES FUNDED WITH LODGING TAX REVENUE; PROVIDING AN APPROPRIATION; AMENDING
6 SECTIONS 15-65-121 AND 90-1-122, MCA; AND PROVIDING EFFECTIVE DATES."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9
10 **Section 1.** Section 15-65-121, MCA, is amended to read:

11 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
12 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
13 revenue fund to the credit of the department. The department may spend from that account in accordance with
14 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
15 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
16 17-2-124 and as provided in subsections (2)(a) through (2)(j) of this section, the department shall determine the
17 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from
18 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was
19 paid with federal funds to the department of administration for return to the federal government and deposit
20 30% of the amount deducted less the portion paid with federal funds in the state general fund.

21 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to
22 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
23 federal funds, or deposited in the heritage preservation and development account must be transferred to an
24 account in the state special revenue fund to the credit of the department of commerce for the purposes
25 designated under 90-1-122, to the emergency lodging for victims of domestic violence or human trafficking
26 account, to the Montana historical interpretation state special revenue account, to the Montana historical
27 society, to the university system, to the state-tribal economic development commission, and to the department
28 of fish, wildlife, and parks, as follows:

- 1 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
2 historical signs and historic sites;
- 3 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
4 research program;
- 5 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
6 that have both resident and nonresident use;
- 7 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;
- 8 (e) 60.2% to be used directly by the department of commerce as provided in 90-1-122[, and in part
9 to renovate the Miles City train depot];
- 10 (f) 0.1% to the emergency lodging for victims of domestic violence or human trafficking account
11 established in 44-4-1506;
- 12 (g) (i) except as provided in subsection (2)(g)(ii), 22.5% to be distributed by the department to
13 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
14 proceeds 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 (h) 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;
- 22 (i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
23 115; and
- 24 (j) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development
25 account provided for in 22-3-1004. The Montana heritage preservation and development commission shall
26 report on the use of funds received pursuant to this subsection (2)(j) to the legislative finance committee on a
27 semiannual basis, in accordance with 5-11-210.
- 28 (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) 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)(h) 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

1 government and deposit 30% of the amount deducted less the portion paid with federal funds in the state
2 general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and
3 development account provided for in 22-3-1004.

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

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

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

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

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

18 (e) subject to subsection (7), 63% to be used directly by the department of commerce as provided
19 in 90-1-122;

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

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

28 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal

1 economic development commission established in 90-1-131 for activities in the Indian tourism region; and

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

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

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

13 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
14 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-
15 7-502.

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

19 (7) (a) Revenue designated for the purposes of subsection (2)(e) that exceeds the amount
20 calculated in subsection (7)(b) must be transferred at the end of each fiscal year to the state property tax
21 assistance account provided for in [section 2 of Senate Bill No. 90].

22 (b) The revenue designated for the purposes of subsection (2)(e) may not exceed the amount of
23 revenue collected in the prior fiscal year adjusted by:

24 (i) the average rate of inflation for the prior 3 years; and

25 (ii) 0.5% of the revenue collected in the prior year.

26 (c) For the purposes of subsection (7)(b), the department of revenue shall calculate the average
27 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
28 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of

1 labor."

2

3 **Section 2.** Section 90-1-122, MCA, is amended to read:

4 **"90-1-122. Lodging facility use tax allocation -- allowable uses -- unspent fund redistribution --**
5 **rulemaking -- fees.** (1) ~~On~~ Except as provided in 15-65-121(7), on an annual basis, the tax proceeds that are

6 transferred to the department's state special revenue account pursuant to 15-65-121 must be used as follows:

7 (a) 43% for tourism media, advertising film programs, made-in-Montana promotions and main
8 street programs, wayfinding and signage, and support to trade offices;

9 (b) 22.5% for rural tourism, under-visited area attraction projects, and tribal tourism, including
10 infrastructure, tourism-related emergency services, marketing, and promotional activities;

11 (c) 23% for tourism grants, including agritourism grants and Montana-based film grants;

12 (d) subject to subsection (5), 6.5% for revolving loan programs and regional tourism assistance;

13 and

14 (e) 5% to use in collaboration with the office of economic development established in 2-15-218 for
15 new tourism attractions, other state business development programs, and support for the activities in
16 subsections (1)(a) through (1)(d) of this section.

17 (2) The department shall pay personal costs, operating costs, and any costs associated with a
18 program or project provided for in subsections (1)(a) through (1)(e) at its discretion.

19 (3) The department may redistribute the unencumbered funds in subsection (1)(a) to each
20 applicable program at its discretion by December 31 of each year.

21 (4) The department may adopt rules to:

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

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

27 (5) If the tax proceeds designated for revolving loan programs and regional tourism assistance
28 pursuant to subsection (1)(d) exceed \$35 million, the tax proceeds that exceed \$35 million must be

1 redistributed for the purposes and in the proportions provided for in subsections (1)(a) through (1)(e)."

2

3 NEW SECTION. **Section 3. Appropriation.** There is appropriated \$50,000 to the department of
4 revenue from the general fund for the biennium beginning July 1, 2025, to implement the provisions of Senate
5 Bill No. 90.

6

7 COORDINATION SECTION. **Section 4. Coordination instruction.** If Senate Bill No. 90 is not
8 passed and approved, then [this act] is void.

9

10 NEW SECTION. **Section 5. Effective dates.** (1) Except as provided in subsection (2), [this act] is
11 effective July 1, 2025.

12 (2) [Section 2] is effective July 1, 2027.

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