

1 _____ BILL NO. _____

2 INTRODUCED BY _____

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO STATE-FUNDED TOURISM
5 PROMOTION BY THE DEPARTMENT OF COMMERCE; REQUIRING THE DEPARTMENT OF COMMERCE
6 TO USE LODGING FACILITY USE TAX REVENUE FOR SPECIFIC PURPOSES; AMENDING SECTION 15-
7 65-121, MCA; REPEALING SECTION 90-1-122, MCA; AND PROVIDING AN EFFECTIVE DATE."

8

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

10

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

12 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-
13 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special
14 revenue fund to the credit of the department. The department may spend from that account in accordance with
15 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
16 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
17 17-2-124 and as provided in subsections (2)(a) through (2)(j) of this section, the department shall determine the
18 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from
19 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was
20 paid with federal funds to the department of administration for return to the federal government and deposit
21 30% of the amount deducted less the portion paid with federal funds in the state general fund.

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

1 of fish, wildlife, and parks, as follows:

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

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

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

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

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

11 (i) 28.6% to the state special revenue account for tourism media, made-in-Montana promotions
12 and main street programs, wayfinding and signage, and support to trade offices;

13 (ii) 14.3% to the state special revenue account for rural tourism, under-visited area attraction
14 projects, and tribal tourism, including infrastructure, tourism-related emergency services, marketing, and
15 promotional activities;

16 (iii) 15.3% to the state special revenue account for tourism grant programs;

17 (iv) 1% to the state special revenue account for regional tourism assistance; and

18 (v) 1% to the state special revenue account for use in collaboration with the office of economic
19 development established in 2-15-218 for new tourism attractions and other state business development
20 programs;

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

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

26 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,
27 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
28 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area

1 district is located, to be distributed by the department of revenue to the nonprofit convention and visitors bureau
2 in that city, consolidated city-county, resort area, or resort area district;

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

5 (i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
6 115; and

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

11 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
12 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or
13 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be
14 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,
15 resort area, or resort area district is located.

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

20 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
21 subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-
22 7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence
23 or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-
24 1506.

25 (6) The tax proceeds received that are transferred to the invasive species state special revenue
26 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account
27 pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to
28 subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.

1 2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025—sec. 34,
 2 Ch. 763, L. 2023.)

3 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax
 4 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the
 5 state special revenue fund to the credit of the department. The department may spend from that account in
 6 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting
 7 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with
 8 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department
 9 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%
 10 of that amount from the tax proceeds received each reporting period. The department shall distribute the
 11 portion of the 4% that was paid with federal funds to the department of administration for return to the federal
 12 government and deposit 30% of the amount deducted less the portion paid with federal funds in the state
 13 general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and
 14 development account provided for in 22-3-1004.

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

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

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

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

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

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

(i) 30% to the state special revenue account for tourism media, made-in-Montana promotions and main street programs, wayfinding and signage, and support to trade offices;

(ii) 15% to the state special revenue account for rural tourism, under-visited area attraction projects, and tribal tourism, including infrastructure, tourism-related emergency services, marketing, and promotional activities;

(iii) 16% to the state special revenue account for tourism grant programs;

(iv) 1% to the state special revenue account for regional tourism assistance; and

(v) 1% to the state special revenue account for use in collaboration with the office of economic development established in 2-15-218 for new tourism attractions and other state business development programs;

(f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department of revenue 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 by the department of revenue to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district;

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

(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.

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

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

- END -