

HOUSE BILL NO. 489

INTRODUCED BY G. OBLANDER, P. STRAND, C. COCHRAN, R. MARSHALL, D. FERN, D. LOGE, J.

COHENOUR, T. FRANCE, C. KEOGH, G. NIKOLAKAKOS, J. DARLING

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SALES TAX LAWS; PROVIDING FOR THE LOCAL OPTION PROPERTY TAX RELIEF ACT; PROVIDING FOR A LOCAL OPTION TAX; AUTHORIZING CERTAIN LOCAL GOVERNMENTS BY VOTE OF THE ELECTORATE TO ADOPT A LOCAL OPTION TAX; PROVIDING THAT THE LOCAL OPTION TAX REVENUE MUST BE USED FOR PROPERTY TAX RELIEF FOR PRIMARY RESIDENCES AND LONG-TERM RENTALS; PROVIDING THAT A PORTION OF THE REVENUE IS DISTRIBUTED TO LOCAL GOVERNMENTS THAT DO NOT LEVY A LOCAL OPTION TAX; PROVIDING FOR DISTRIBUTION OF A PORTION OF LODGING AND RENTAL CAR SALES TAX REVENUE TO A LOCAL GOVERNMENT THAT LEVIES A LOCAL OPTION TAX; PROVIDING DEFINITIONS; PROVIDING A STATUTORY APPROPRIATION; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-7-503, 15-65-112, 15-68-502, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304, AND 22-3-1307, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Short title.** [Sections 1 through 10] may be cited as the "Local Option Property Tax Relief Act".

**NEW SECTION. Section 2. Local option tax -- definitions.** As used in [sections 1 through 10], the following definitions apply:

(1) "Governing body" means the governing body of a consolidated city-county or a county in which a local option tax is proposed or approved.

(2) "Grooming and hygiene products" means soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, feminine hygiene products, and suntan lotions and sunscreens.

(3) "Long-term rental" means class four residential property:

residence if the owner paid the Montana property taxes while residing in each primary residence for a total of at least 7 consecutive months for each tax year.

(9) "SNAP-eligible" means a food product eligible for the supplemental nutrition assistance program under 7 U.S.C. 51.

**NEW SECTION. Section 3. Local option taxing authority -- specific delegation.** (1) As required by 7-1-112, [sections 1 through 10] specifically delegate to the qualified electors of each respective consolidated city-county or county the power to authorize their consolidated city-county or county to impose a local option tax within the boundary of the consolidated city-county or county.

(2) The power to impose a local option tax does not include the power to levy a franchise fee on utilities or cooperatives based on their revenue.

**NEW SECTION. Section 4. Limit on local option tax rate -- goods and services subject to tax.** (1) Except as provided in [section 10(2)], the rate of a local option tax and the goods and services subject to the tax must be established by the election petition or resolution provided for in [section 5], but the rate may not exceed 4%.

(2) (a) The local option tax is a tax on the retail value of goods and services sold, except for goods and services sold for resale, within the boundary of the consolidated city-county or county, and may include:

(i) purchases at restaurants, fast food stores, and other food service establishments;

(ii) purchases at taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink;

(iii) food products that are not SNAP-eligible; and

~~(iv) — airport landings; and~~

~~(iv)~~ (iv) outfitting or guiding services.

(b) A local option tax may not be levied on accommodations as defined in 15-68-101, sales of rental vehicles, cleaning supplies, grooming and hygiene products, medical supplies, medicine, paper products, or pet food.

(3) Establishments that sell goods or services subject to the tax shall collect the tax.