

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

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

12 **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.

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

1 society, to the university system, to the state-tribal economic development commission, and to the department  
2 of fish, wildlife, and parks, as follows:

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

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

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

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

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

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

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

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

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

24 (i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
25 115; and

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

1 semiannual basis, in accordance with 5-11-210.

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

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

11 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
12 subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-  
13 7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence  
14 or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-  
15 1506.

16 (6) The tax proceeds received that are transferred to the invasive species state special revenue  
17 account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account  
18 pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to  
19 subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.  
20 2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025--sec. 34,  
21 Ch. 763, L. 2023.)

22 **15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax  
23 imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the  
24 state special revenue fund to the credit of the department. The department may spend from that account in  
25 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting  
26 and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with  
27 the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department  
28 shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4%

1 of that amount from the tax proceeds received each reporting period. The department shall distribute the  
2 portion of the 4% that was paid with federal funds to the department of administration for return to the federal  
3 government and deposit 30% of the amount deducted less the portion paid with federal funds in the state  
4 general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and  
5 development account provided for in 22-3-1004.

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

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

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

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

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

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

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

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

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- 2025

69th Legislature 2025

Drafter: Megan Moore,

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1 county, resort area, or resort area district;

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

4 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
5 115.

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

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

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

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

21 (7) (a) Revenue designated for the purposes of subsection (2)(e) that exceeds the amount  
22 calculated in subsection (7)(b) must be transferred at the end of each fiscal year as follows:

23 (i) 75% to the state property tax assistance account provided for in [section 2 of Senate Bill No.  
24 90]; and

25 (ii) 25% to the local government road construction and maintenance restricted account provided  
26 for in 15-70-128 to be distributed by the department of transportation to cities, counties, and consolidated city-  
27 county governments pursuant to 15-70-101.

28 (b) The revenue designated for the purposes of subsection (2)(e) may not exceed the amount of

1        revenue collected in the prior fiscal year adjusted by:

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

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

4            (c)        For the purposes of subsection (7)(b), the department of revenue shall calculate the average

5        rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,

6        using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of

7        labor."

8

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

10            **"90-1-122. Lodging facility use tax allocation -- allowable uses -- unspent fund redistribution --**

11        **rulemaking -- fees.** (1) On Except as provided in 15-65-121(7), on an annual basis, the tax proceeds that are

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

13            (a)        43% for tourism media, advertising film programs, made-in-Montana promotions and main

14        street programs, wayfinding and signage, and support to trade offices;

15            (b)        22.5% for rural tourism, under-visited area attraction projects, and tribal tourism, including

16        infrastructure, tourism-related emergency services, marketing, and promotional activities;

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

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

19        and

20            (e)        5% to use in collaboration with the office of economic development established in 2-15-218 for

21        new tourism attractions, other state business development programs, and support for the activities in

22        subsections (1)(a) through (1)(d) of this section.

23            (2)        The department shall pay personal costs, operating costs, and any costs associated with a

24        program or project provided for in subsections (1)(a) through (1)(e) at its discretion.

25            (3)        The department may redistribute the unencumbered funds in subsection (1)(a) to each

26        applicable program at its discretion by December 31 of each year.

27            (4)        The department may adopt rules to:

28            (a)        determine criteria for a rural area, an under-visited area, and qualifications for funds for

1 attraction projects under subsection (1)(b); and

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

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

8

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

12

13 **COORDINATION SECTION. Section 4. Coordination instruction.** If Senate Bill No. 90 is not  
14 passed and approved, then sections 1 and 3 of this act ~~is are~~ void. ~~and 15-65-121 must be amended as~~  
15 follows:

16 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-  
17 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special  
18 revenue fund to the credit of the department. The department may spend from that account in accordance with  
19 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing  
20 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of  
21 17-2-124 and as provided in subsections (2)(a) through (2)(j) of this section, the department shall determine the  
22 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from  
23 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was  
24 paid with federal funds to the department of administration for return to the federal government and deposit  
25 30% of the amount deducted less the portion paid with federal funds in the state general fund.

26 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to  
27 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with  
28 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) 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

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

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

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

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

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

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

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

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

28 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,

1 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional  
2 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area  
3 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-  
4 county, resort area, or resort area district;

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

7 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-  
8 115.

9 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-  
10 820(5)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or  
11 submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be  
12 allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county,  
13 resort area, or resort area district is located.

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

18 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to  
19 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-  
20 7-502.

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

24 (7) (a) Revenue designated for the purposes of subsection (2)(e) that exceeds the amount  
25 calculated in subsection (7)(b) must be transferred at the end of each fiscal year to the local government road  
26 construction and maintenance restricted account provided for in 15-70-128 to be distributed by the department  
27 of transportation to cities, counties, and consolidated city-county governments pursuant to 15-70-101.

28 (b) The revenue designated for the purposes of subsection (2)(e) may not exceed the amount of

1 revenue collected in the prior fiscal year adjusted by:

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

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

4        (c) For the purposes of subsection (7)(b), the department of revenue shall calculate the average

5 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,

6 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of

7 labor."

8

9        **NEW SECTION. Section 5. Effective dates.** (1) Except as provided in subsection (2), [this act] is

10 effective July 1, 2025.

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

12                    - END -