

1 SENATE BILL NO. 385

2 INTRODUCED BY J. PRIEST

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING SALES AND USE TAX RATES AND REDIRECTING
5 PROCEEDS TO FUND TOURISM PROMOTION; PROVIDING THAT REVENUE COLLECTED IS REDIRECTED
6 FROM THE STATE GENERAL FUND TO A STATE SPECIAL REVENUE FUND TO BE USED BY THE
7 DEPARTMENT OF COMMERCE FOR TOURISM PROMOTION; EXPANDING RULEMAKING AUTHORITY;
8 AMENDING SECTIONS 15-65-122, 15-68-102, AND 15-68-820, MCA; AND PROVIDING AN EFFECTIVE DATE
9 AND AN APPLICABILITY DATE."

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

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13 **Section 1.** Section 15-65-122, MCA, is amended to read:
14 **"15-65-122. Qualification of nonprofit entities for receipt of funds -- limitation on administrative**
15 **costs.** (1) The department of revenue shall provide the council with quarterly reports of regional tax proceeds
16 and tax proceeds of cities, consolidated city-counties, resort areas, and resort area districts that qualify for
17 disbursement of funds under 15-65-121 and 15-68-820.
18 (2) Funds may not be disbursed to a regional nonprofit tourism corporation or nonprofit convention and
19 visitors bureau until that entity has submitted an annual marketing plan to the council and that plan has been
20 approved by the council.
21 (3) A maximum of 20% of the funds received by a regional nonprofit tourism corporation or nonprofit
22 convention and visitors bureau may be used for administrative purposes as defined by the council."

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24 **Section 2.** Section 15-68-102, MCA, is amended to read:
25 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions.** (1) A sales tax of the
26 following percentages is imposed on sales of the following property or services:
27 (a) ~~3%~~ 0.68% on accommodations and campgrounds;
28 (b) ~~4%~~ 0.91% on the base rental charge for rental vehicles.
29 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the
30 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be

1 applied to the sales price.

2 (3) (a) For the privilege of using property or services within this state, there is imposed on the person
3 using the following property or services a use tax equal to the following percentages of the value of the property
4 or services:

5 (i) ~~3%~~ 0.68% on accommodations and campgrounds;

6 (ii) ~~4%~~ 0.91% on the base rental charge for rental vehicles.

7 (b) The use tax is imposed on property or services that were:

8 (i) acquired outside this state as the result of a transaction that would have been subject to the sales tax
9 had it occurred within this state;

10 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a
11 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an
12 Indian reservation within this state;

13 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by
14 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's
15 subsequent use of the property, is subject to the sales tax or use tax; or

16 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax but that
17 because of the buyer's subsequent use of the services is subject to the sales tax or use tax.

18 (4) For purposes of this section, the value of property must be determined as of the time of acquisition,
19 introduction into this state, or conversion to use, whichever is latest.

20 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the tax
21 imposed in subsections (1) and (3).

22 ~~—— (6) Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and~~
23 ~~(3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed~~
24 ~~charge for accommodations or campgrounds."~~

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26 **Section 3.** Section 15-68-820, MCA, is amended to read:

27 **"15-68-820. Sales tax and use tax proceeds.** (1) All money collected under this chapter must, in
28 accordance with the provisions of 17-2-124, be deposited by the department into the ~~general fund~~ state special
29 revenue fund to the credit of the department of commerce to be used for tourism promotion and allocated as
30 follows:

1 (a) 6.9% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
2 have both resident and nonresident use;

3 (b) 69.1% to be used directly by the department of commerce; and

4 (c) (i) except as provided in subsection (1)(c)(ii), 24% to be distributed by the department of commerce
5 to regional nonprofit tourism corporations in the ratio of the sales tax and use tax proceeds collected in each
6 tourism region to the total sales tax and use tax proceeds collected statewide; and

7 (ii) if 22.5% of the sales tax and use tax proceeds collected annually within the limits of a city,
8 consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for
9 distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county,
10 resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in
11 that city, consolidated city-county, resort area, or resort area district.

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

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

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22 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2013.

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24 NEW SECTION. Section 5. Applicability. [This act] applies to the imposition of the sales tax and use
25 tax on property or services after June 30, 2013.

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