RESORT TAX

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; Chapter 309, Laws of 2017) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary:

Title 7, Chapter 6, Part 15, MCA addresses Montana’s resort tax, a local option sales tax intended to aid areas with high numbers of visitors but relatively low populations. A resort tax may be used to collect tax from non-residents who enjoy the area’s tourist destinations. Local governments must apply to the Department of Commerce for designation as either a resort community or a resort area based on the following criteria:

- The population must be below:
  - 5,500 for an incorporated town (resort community)
  - 2,500 for an unincorporated area (resort area)
- The major portion of an area’s economy must be based on tourism

Once designated as a resort community or resort area, local governments may introduce a ballot initiative to qualified voters to determine the tax rate, duration, effective date, and allocation. The tax must not exceed 3%, and at least 5% of the tax revenues must offset municipal or area property taxes. With voter approval, the tax may be imposed on items used by visitors including lodging, food services, served liquor, destination recreation, and luxury items.

Montana’s Current Resort Communities/Areas and Tax Rates:

<table>
<thead>
<tr>
<th>Resort Name</th>
<th>Tax Rate</th>
<th>Year Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Lodge</td>
<td>3%</td>
<td>1998</td>
</tr>
<tr>
<td>Virginia City</td>
<td>3%</td>
<td>1991</td>
</tr>
<tr>
<td>West Yellowstone</td>
<td>3%</td>
<td>1986</td>
</tr>
<tr>
<td>Location</td>
<td>Tax Rate</td>
<td>Year</td>
</tr>
<tr>
<td>------------</td>
<td>----------</td>
<td>------</td>
</tr>
<tr>
<td>Whitefish</td>
<td>3%</td>
<td>1996</td>
</tr>
<tr>
<td>Big Sky</td>
<td>3%</td>
<td>1992</td>
</tr>
<tr>
<td>Cooke City</td>
<td>3%</td>
<td>2006</td>
</tr>
<tr>
<td>Craig</td>
<td>3%</td>
<td>2010</td>
</tr>
<tr>
<td>Gardiner</td>
<td>3%</td>
<td>2014</td>
</tr>
<tr>
<td>St. Regis</td>
<td>3%</td>
<td>1993</td>
</tr>
<tr>
<td>Wolf Creek</td>
<td>3%</td>
<td>2015</td>
</tr>
</tbody>
</table>

Source: Montana Department of Revenue

Legislative Services Division Materials:

Local Government Sources of Funding, Report for Revenue and Transportation Interim Committee, May 2016

Other Materials:

Development Exactions and Incentives – Resort and Local Option Taxes, Montana Department of Transportation
Park County Fiscal Year 2017 and Supplemental Diagrams, Report to Local Government Interim Committee
An Assessment of the Resort Tax, University of Montana Institute for Tourism & Recreation, October 2016
Local Government Economic Impacts Defined, Legislative Finance Committee, June 2014

Introduced Legislation

2017

House Bill 83 – Chapter Number Assigned -- AN ACT GENERALLY REVISIONING ELECTION LAWS; CLARIFYING WHEN AN ELECTION REQUESTED BY PETITION CONCERNING A LOCAL GOVERNMENT ORDINANCE MUST BE HELD; REVISIONING NOTICE REQUIREMENTS RELATED TO RESORT TAX ELECTIONS; REVISIONING THE DEADLINE FOR WRITE-IN CANDIDATES IN SPECIAL DISTRICT AND LOCAL GOVERNMENT ELECTIONS; REVISIONING THE DEADLINES BY WHICH ABSENTEE AND MAIL BALLOTS MUST BE AVAILABLE; CLARIFYING THE DEADLINE FOR THE CANCELLATION OF A CONSERVATION DISTRICT ELECTION; CLARIFYING THAT COUNTY ELECTION ADMINISTRATORS RATHER THAN SCHOOL CLERKS PERFORM VOTER REGISTRATION DUTIES FOR SCHOOL ELECTIONS; REVISIONING NOTICE REQUIREMENTS RELATED TO SCHOOL ELECTIONS; CLARIFYING VOTER QUALIFICATIONS FOR WATER AND SEWER DISTRICT ELECTIONS; REVISIONING CERTAIN ELECTION PROVISIONS RELATED TO IRRIGATION DISTRICTS; CLARIFYING THE TRANSITION OF TERMS OF OFFICE FOR SPECIAL DISTRICT OFFICERS; AMENDING SECTIONS 7-3-103, 7-3-149, 7-5-132, 7-6-1504, 7-13-2212, 13-1-101, 13-1-403, 13-1-404, 13-1-502, 13-2-301, 13-3-213, 13-10-211, 13-13-205, 13-13-222, 20-3-313, 20-20-204, AND 85-7-1702, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

House Bill 577 – Died in Standing Committee -- A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A MUNICIPALITY, A CONSOLIDATED CITY-COUNTY, OR A COUNTY, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION INFRASTRUCTURE TAX ON LUXURY GOODS AND SERVICES; PROVIDING THAT LOCAL OPTION INFRASTRUCTURE TAX REVENUE MAY BE USED FOR CRITICAL
INFRASTRUCTURE PROJECTS; DEFINING "LUXURY GOODS AND SERVICES" THAT MAY BE TAXED; PROVIDING THAT AN EXISTING RESORT TAX IMPOSED BY A RESORT COMMUNITY, RESORT AREA, OR RESORT AREA DISTRICT MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING FOR A PORTION OF LOCAL OPTION INFRASTRUCTURE TAX REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Senate Bill 331 – Died in Standing Committee -- A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A MUNICIPALITY, A CONSOLIDATED CITY-COUNTY, OR A COUNTY, BY VOTE OF THE ELECTORATE, TO ADOPT A LOCAL OPTION INFRASTRUCTURE TAX ON LUXURY GOODS AND SERVICES; PROVIDING THAT LOCAL OPTION INFRASTRUCTURE TAX REVENUE MAY BE USED FOR CRITICAL INFRASTRUCTURE PROJECTS; DEFINING "LUXURY GOODS AND SERVICES" THAT MAY BE TAXED; PROVIDING THAT AN EXISTING RESORT TAX IMPOSED BY A RESORT COMMUNITY, RESORT AREA, OR RESORT AREA DISTRICT MAY REMAIN IN EFFECT OR MAY BE DISCONTINUED; PROVIDING FOR A PORTION OF LOCAL OPTION INFRASTRUCTURE TAX REVENUE TO BE USED FOR PROPERTY TAX RELIEF FOR CLASS FOUR PROPERTY TAXPAYERS; AMENDING SECTIONS 7-7-4424 AND 7-7-4428, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Senate Bill 343 – Died in Process -- A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING AN ADDITIONAL RESORT TAX OF UP TO 1% TO BE DESIGNATED FOR WORKFORCE HOUSING AND RELATED NEEDS OR COMMUNITY DEVELOPMENT INFRASTRUCTURE; REQUIRING THE ADDITIONAL RESORT TAX TO BE APPROVED BY THE QUALIFIED ELECTORS; PROHIBITING A TAX INCREASE FOR A RESORT COMMUNITY WITH A POPULATION IN EXCESS OF THE AMOUNT REQUIRED FOR FORMATION OF A RESORT COMMUNITY; AMENDING SECTIONS 7-6-1501, 7-6-1503, 7-6-1504, 7-6-1541, AND 7-6-1542, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

2015

Senate Bill 209 – Chapter Number Assigned -- AN ACT AUTHORIZING RESORT AREA DISTRICTS TO ISSUE BONDS AND PROVIDE FOR REPAYMENT; AMENDING SECTIONS 7-6-1506, 7-6-1541, AND 7-6-1542, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

House Bill 262 – Motion Failed -- A BILL FOR AN ACT ENTITLED: "AN ACT REVISIONING THE LIMIT ON THE RESORT TAX RATE; ALLOWING AN ADDITIONAL RESORT TAX LEVY AT THE RATE OF A RATE OF UP TO 1%; PROVIDING THAT THE ADDITIONAL REVENUE FUND HISTORIC PRESERVATION OR WORKFORCE HOUSING; AND AMENDING SECTIONS 7-6-1501, 7-6-1503, AND 7-6-1504, AND 7-6-1542, MCA."

House Bill 602 – Missed Deadline for Revenue Bill Transmittal -- A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING CERTAIN LOCAL GOVERNMENTS TO ADDRESS OIL AND GAS IMPACTS BY ESTABLISHING AN IMPACT FEE; ALLOWING FOR THE ESTABLISHMENT OF AN IMPACT AREA; ALLOWING FOR THE COLLECTION OF AN IMPACT FEE; ESTABLISHING FACILITIES SUBJECT TO THE FEE; LIMITING THE AMOUNT OF THE FEE; PROVIDING FOR THE DISTRIBUTION AND USE OF THE FEE BY A GOVERNING BODY; PROVIDING FOR THE DISSOLUTION OF AN IMPACT AREA; ALLOWING FOR BONDING; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
2013

**House Bill 452** – Died in Standing Committee -- A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING CERTAIN LOCAL GOVERNMENTS TO ADDRESS INFRASTRUCTURE IMPACTS; ALLOWING FOR THE ESTABLISHMENT OF AN INFRASTRUCTURE IMPACT AREA; ALLOWING FOR THE COLLECTION OF AN INFRASTRUCTURE IMPACT FEE; ESTABLISHING FACILITIES SUBJECT TO THE FEE; LIMITING THE AMOUNT OF THE FEE; PROVIDING FOR THE DISTRIBUTION AND USE OF A FEE BY A GOVERNING BODY; PROVIDING FOR THE DISSOLUTION OF AN INFRASTRUCTURE IMPACT AREA; ALLOWING FOR BONDING; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

2011

**Senate Bill 369** – Died in Standing Committee -- A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING ELECTIONS LAWS; REDEFINING SPECIAL ELECTIONS; REQUIRING LOCAL GOVERNMENT UNITS, SCHOOL DISTRICTS, AND SELF-GOVERNING DISTRICTS TO HOLD ELECTIONS ON REGULARLY HELD ELECTION DAYS, EXCEPT IN CASES OF EMERGENCY; AND AMENDING SECTIONS 7-2-4602, 7-3-160, 7-3-175, 7-3-176, 7-3-4326, 7-3-4341, 7-5-136, 7-6-1404, 7-7-105, 7-7-2223, 7-7-2227, 7-7-2229, 7-7-2237, 7-7-2226, 7-7-4226, 7-7-4227, 7-7-4235, 7-7-4427, 7-11-1011, 7-13-2208, 7-13-2323, 7-13-2341, 7-14-210, 13-1-101, 13-1-104, 13-1-107, 13-1-401, 13-3-202, 15-10-425, 20-3-301, 20-9-428, 20-9-471, 20-20-105, 22-1-304, 22-1-702, 76-15-606, 85-7-102, AND 85-8-624, MCA."

2009

**House Bill 312** – Chapter Number Assigned -- AN ACT REVISIONING THE QUALIFICATIONS FOR RESORT AREAS AND RESORT COMMUNITIES; REVISING THE POPULATION CAP BASED ON THE MOST RECENT FEDERAL CENSUS FOR AN AREA OR A COMMUNITY TO QUALIFY AS A RESORT AREA OR RESORT COMMUNITY; AND AMENDING SECTION 7-6-1501, MCA.

**House Bill 329** – Died in Standing Committee -- A BILL FOR AN ACT ENTITLED: "AN ACT INCLUDING THE POPULATION WITHIN THE AREA THAT CONSISTS OF AN EXTENSION OF MUNICIPAL ZONING AND SUBDIVISION REGULATIONS BEYOND MUNICIPAL BOUNDARIES AS A PART OF THE QUALIFYING POPULATION FOR ESTABLISHING A RESORT COMMUNITY FOR IMPOSITION OF THE RESORT TAX; PROVIDING THAT THE AUTHORITY TO IMPOSE THE RESORT TAX IS RESCINDED IF A RESORT COMMUNITY EXCEEDS THE MAXIMUM POPULATION; ALLOWING A DELAY IN THE RESCISSION OF AUTHORITY IF RESORT TAX PROCEEDS ARE PLEDGED FOR BOND PAYMENT; PROVIDING THAT THE DEPARTMENT OF COMMERCE DETERMINES RESORT COMMUNITY POPULATIONS; AMENDING SECTIONS 7-6-1501, 7-6-1502, AND 7-6-1505, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

**Senate Bill 506** – Died in Process -- A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL OPTION TOURISM TAX; PROVIDING FOR THE TYPES OF GOODS AND SERVICES THAT MAY BE SUBJECT TO THE LOCAL OPTION TOURISM TAX; PROVIDING THAT LOCAL OPTION TOURISM TAX REVENUE MUST BE USED FOR PROPERTY TAX REDUCTION, DISTRIBUTION TO CERTAIN NEARBY LOCAL GOVERNMENTS, AND FOR ANY PURPOSE REFLECTED IN THE RESOLUTION AUTHORIZING THE LOCAL OPTION TOURISM TAX; PROHIBITING DOUBLE TAXATION; COORDINATING THE USE OF THE RESORT TAX IMPOSED BY RESORT COMMUNITIES, AND RESORT AREAS, AND RESORT AREA DISTRICTS; CLARIFYING THAT A MILL LEVY REDUCTION RESULTING FROM TAX RELIEF DUE TO IMPOSITION OF A LOCAL OPTION TOURISM TAX MAY NOT BE REINSTATED WHILE THE TAX IS IN EFFECT WITHOUT AN
ELECTION; AMENDING SECTIONS 7-7-4424, 7-7-4428, AND 15-10-420, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."