



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0916.01: Revise lodging tax allocation related to property tax relief

Primary Sponsor: Mike Vinton Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☒ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$25,000	\$25,000	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Commerce	(\$4,220,676)	(\$4,393,685)	(\$4,459,591)	(\$4,526,484)
FWP - Park Maintenance	(\$269,403)	(\$280,449)	(\$292,334)	(\$302,673)
Long Range Building	(\$4,490,000)	(\$4,674,000)	(\$4,872,000)	(\$5,045,000)
Property Tax Assistance	\$8,980,079	\$9,348,134	\$9,623,925	\$9,874,157
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Commerce	(\$4,220,676)	(\$4,393,685)	(\$4,459,591)	(\$4,526,484)
FWP - Park Maintenance	(\$269,403)	(\$280,449)	(\$292,334)	(\$302,673)
Long Range Building	(\$4,490,000)	(\$4,674,000)	(\$4,872,000)	(\$5,045,000)
Property Tax Assistance	\$8,980,079	\$9,348,134	\$9,623,925	\$9,874,157
Net Impact	<u>(\$25,000)</u>	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 916 redistributes 14% of the sales tax and use tax proceeds in 15-68-820, MCA, from tourism promotion, long-range building, state park maintenance, and historic preservation grants to the property tax assistance program established in SB 90. HB 916 is contingent on the passage of SB 90. There is a \$50,000 appropriation for the 2027 Biennium to the Department of Revenue for implementation of SB 90.

FISCAL ANALYSIS

Assumptions

Department of Commerce

- Currently under 15-68-820, MCA, the department receives 4.11% (68.5% of 6%) of the lodging sales tax for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, 1.44% (24% of 6%) for disbursement to the tourism regions and convention and visitor's bureaus, 0.03% (0.5% of 6%) for activities in the Indian tourism region, and 6% for the historic preservation grant program.
- Current HJ 2 estimates suggest that the amount of the allocation to the department for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials

will be \$2.6 million in FY 2026, \$2.7 million in FY 2027, \$2.8 million in FY 2028, and \$2.8 million in FY 2029.

3. The amount allocated for disbursement to the tourism regions and convention and visitors bureaus will be \$924,000 in FY 2026, \$962,000 in FY 2027, \$976,000 in FY 2028, and \$991,000 in FY 2029.
4. The amount allocated for activities in the Indian tourism region will be \$19,243 in FY 2026, \$20,032 in FY 2027, \$20,332 in FY 2028, and \$20,637 in FY 2029.
5. The amount allocated to the historic preservation grant program will be \$3.8 million in FY 2026, \$4.0 million in FY 2027, \$4.1 million in FY 2028, and \$4.1 million in FY 2029.
6. HB 916 revises 15-68-820, MCA to eliminate the lodging facility sales tax allocations to the department for tourism promotion, disbursement to the regions, and Indian tourism, and reduces the amount allocated for historic preservation grants to 5%.
7. To offset the reduced revenue for tourism promotion the department would reduce spending in the following areas: Made in Montana marketing, Rural Tourism Development, air service support program, statewide tourism marketing both domestic and international, statewide tourism industry research, Montana Main Street Program, Tribal economic development. Additionally, the following grant programs would be reduced: Pilot Community Tourism Grants, Agritourism Grants, Event Grants, Emergency Services Travel Related Grants, Tribal Tourism Small Business Grants, Tribal Tourism Grant Program, and Regional Assistance Grant Program and the Big Sky Film Grants.
8. Disbursements to the tourism regions and convention and visitors' bureaus would be reduced by an amount equal to the reduction in revenue.
9. The amount of grants awarded for activities in the Indian tourism region would be reduced by an amount equal to the reduction in revenue.
10. The amount of grants awarded for historic preservation grants program would be reduced by an amount equal to the reduction in revenue.

Fish, Wildlife, and Parks

11. HB 916 reduces funding for state parks maintenance by \$269,000 in FY 2026 to \$303,000 in FY 2029.

Capital Development

12. The bill reduced funding for the capital development fund by \$4.5 million in FY 2026, \$4.7 million in FY 2027, \$4.9 million in FY 2028, and \$5.0 million in FY 2029.

Department of Revenue

13. Currently, 75% of the lodging sales tax is directed to the general fund, 6% to the Department of Commerce for tourism promotion, 6% to the Montana Heritage Center, 6% to historic preservation grants, and 7% to long-range building.
14. HB 916 reduces current lodging sales tax distribution by 14% and distributes them to the property tax assistance program.
15. Increasing the distribution to the property tax assistance account would increase the assistance per residence amount by \$38.43 in FY 2026, \$39.66 in FY 2027, \$40.48 in FY 2028, and \$41.18 in FY 2029.
16. There is an appropriation of \$50,000 for the 2027 Biennium to the Department of Revenue for implementation of SB 90.
17. There are no additional costs to the department beyond those required for SB 90.
18. This bill is void if SB 90 fails to pass.

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$0	\$0	\$0	\$0
Department of Revenue	\$25,000	\$25,000	\$0	\$0
Long Range Building Program	(\$4,490,000)	(\$4,674,000)	(\$4,872,000)	(\$5,045,000)
Commerce	(\$1,265,433)	(\$1,317,304)	(\$1,337,064)	(\$1,357,120)
FWP - Park Maintenance	(\$269,403)	(\$280,449)	(\$292,334)	(\$302,673)
Local Assistance	\$0	\$0	\$0	\$0
Property Tax Assistance	\$8,980,079	\$9,348,134	\$9,623,925	\$9,874,157
Commerce	(\$923,674)	(\$961,536)	(\$975,959)	(\$990,598)
Grants - Commerce	(\$2,031,569)	(\$2,114,845)	(\$2,146,568)	(\$2,178,766)
TOTAL Expenditures	\$25,000	\$25,000	\$0	\$0
Grants	\$0	\$0	\$0	\$0
<u>Funding of Expenditures</u>				
General Fund (01)	\$25,000	\$25,000	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Property Tax Assistance	\$8,980,079	\$9,348,134	\$9,623,925	\$9,874,157
Long Range Building	(\$4,490,000)	(\$4,674,000)	(\$4,872,000)	(\$5,045,000)
Commerce	(\$4,220,676)	(\$4,393,685)	(\$4,459,591)	(\$4,526,484)
FWP - Park Maintenance	(\$269,403)	(\$280,449)	(\$292,334)	(\$302,673)
TOTAL Funding of Expenditures	\$25,000	\$25,000	\$0	\$0
<u>Revenues</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Property Tax Assistance	\$8,980,079	\$9,348,134	\$9,623,925	\$9,874,157
FWP - Park Maintenance	(\$269,403)	(\$280,449)	(\$292,334)	(\$302,673)
Long Range Building	(\$4,490,000)	(\$4,674,000)	(\$4,872,000)	(\$5,045,000)
Commerce	(\$4,220,676)	(\$4,393,685)	(\$4,459,591)	(\$4,526,484)
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$25,000)	(\$25,000)	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Property Tax Assistance	\$0	\$0	\$0	\$0
Long Range Building	\$0	\$0	\$0	\$0
Commerce	\$0	\$0	\$0	\$0
FWP - Park Maintenance	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures

Department of Revenue

1. HB 916 increases the property tax assistance available to each primary home, which counties may retain if the assistance is greater than a home's property tax liability.

Technical Concerns

Department of Revenue

1. HB 916 strikes 15-68-820(4)(b), MCA, in current law to redistribute the revenue to the state property tax assistance account in SB 90. This subsection directs distribution to be according to 15-68-820(5), MCA, which becomes no longer applicable per HB 916. Subsection 4, should be struck in the bill.

Sponsor's Initials

4/5

Date

Budget Director's Initials

4/4/2025

Date