

Lodging Taxes

Revenue Description

The state imposes two taxes on room charges collected by lodging facilities and campgrounds: a lodging sales tax and a lodging facility use tax. The taxes only apply for rooms used for lodging which includes hotels, motels, campgrounds, resorts, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities. Exempt are facilities for health care, facilities owned by non-profit corporations for use by youth for camping, facilities whose average daily charge is less than 60% of the amount the state of Montana reimburses for lodging, and facilities rented for 30 days or more.

The 3% lodging sales tax also applies to online travel agencies, and exempts sales to the U.S. government.

Statutory Reference

Tax Rate – [15-65-111, MCA](#) (4% lodging facility use tax); [15-68-102, MCA](#) (3% lodging sales tax)

Tax Distribution – [15-65-121, MCA](#) (4% lodging facility use tax), [15-68-820, MCA](#) (3% lodging sales tax)

Date Due – The 4% lodging facility use tax is due before the end of calendar quarter ([15-65-112, MCA](#)). The 3% lodging sales tax is due the last day of the month following the calendar quarter ([15-68-502\(1\), MCA](#)).

Applicable Tax Rates

The lodging sales tax is 3.0% of the sales price. The lodging facility use tax is 4.0% of room charges.

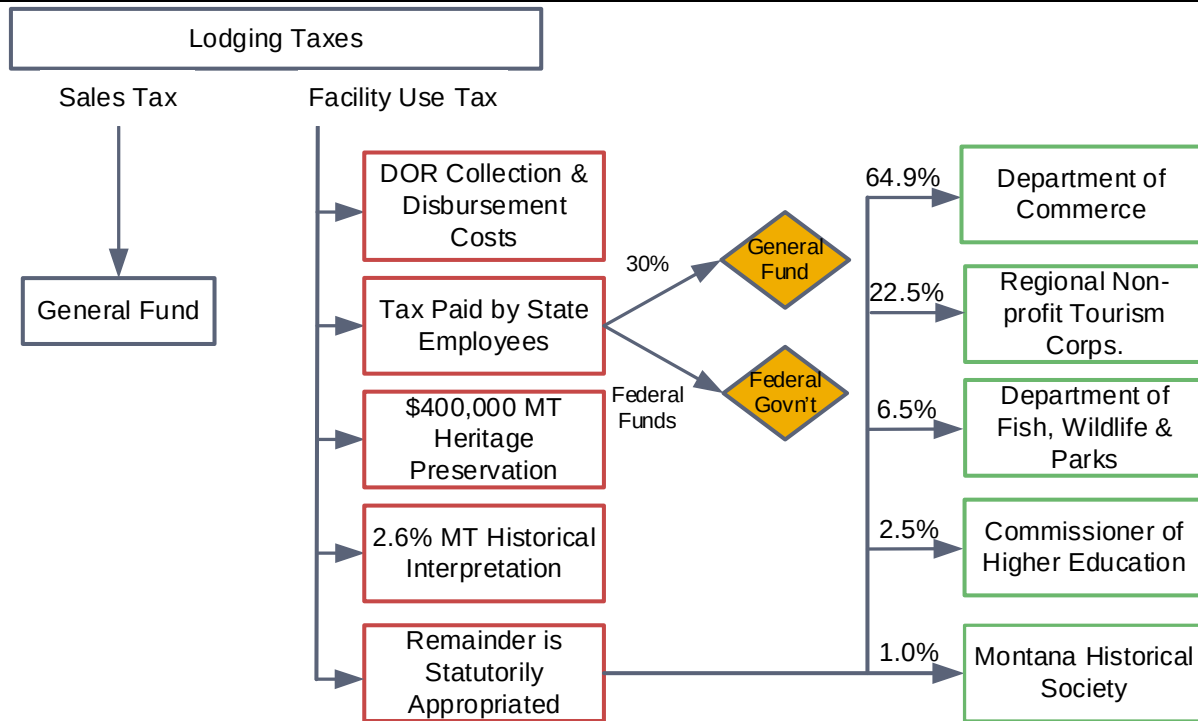
Collection Frequency: Quarterly

Distribution

Sales tax: All proceeds are deposited into the general fund.

Facility use tax: The revenue is first distributed to DOR in the amount appropriated for collection and disbursement costs; 30% of the taxes paid by state employees to the general fund (taxes paid with federal funds are reimbursed to the federal government from the general fund); \$400,000 to the Montana heritage preservation and development fund; and 2.6% to the historical interpretation account. After these distributions, the remainder is distributed and statutorily appropriated:

- o 64.9% to the Department of Commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials
- o 22.5% to regional nonprofit tourism corporations
- o 6.5% to the Department of Fish, Wildlife and Parks for maintenance of state park facilities
- o 2.5% to the university system for the establishment and maintenance of a Montana travel research program
- o 1.0% to the Montana Historical Society to install and maintain roadside historical signs and historic sites



Summary of Legislative Action: The 65th Legislature did not enact legislation impacting this source.

Revenue Estimate Methodology

Data

The estimate for this source is based on historical collection data from SABHRS, and actual and forecast U.S. consumer spending on accommodations from IHS.

Analysis

Total lodging taxes are made up of two separate taxes, the lodging facility use tax and the lodging sales tax; a proxy for taxable room charges—tax collections divided by the appropriate tax rate—is used as the starting point both sources. This proxy is modeled on U.S. consumer spending on accommodations to produce a forecast of taxable room charges. Estimates of taxable room charges are multiplied by the corresponding tax rate and summed to produce the total lodging tax estimate.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2017 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Proxy Gross Sales \$ Millions	US Consumer Spending Acc. \$ Billions	Calculated Gross Sales \$ Millions	GF Adjustment Online Travel \$ Millions
A 2004	\$22.848	\$9.279	\$339.235	\$60.983	\$336.111	
A 2005	24.636	10.201	360.884	68.229	376.313	
A 2006	25.519	10.679	371.004	76.890	424.372	
A 2007	30.620	12.916	442.607	83.030	458.442	
A 2008	31.744	13.390	458.861	88.426	488.381	
A 2009	29.581	12.477	427.591	84.859	468.589	
A 2010	29.265	12.331	423.349	83.782	462.613	
A 2011	33.809	14.241	489.219	87.771	484.744	
A 2012	37.724	15.606	552.942	94.400	521.525	
A 2013	39.919	16.720	579.980	100.463	555.170	
A 2014	42.059	17.725	608.358	106.395	588.083	
A 2015	46.696	19.697	674.999	115.198	636.925	
A 2016	49.290	21.493	694.923	120.897	668.546	\$1.100
F 2017	51.457	22.196	731.534	127.244	703.768	0.250
F 2018	54.231	23.399	770.797	134.052	741.539	0.275
F 2019	57.398	24.771	815.692	141.836	784.730	0.300

Revenue Projection

