

# 2014

## Montana Resort Tax Community Assessment



## City of Polson, Montana

Nittany Grantworks

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### Attachments:

Attachment A	Photographs of Resort Area or Community Tax Funded Projects
Attachment B	Resort Tax Community Questionnaire Results and Other Relevant Information

# Montana Resort Tax Community Assessment

Prepared for City of Polson, Montana

## Executive Summary

Designated by the Montana Department of Commerce (MDOC) in 2009 as a resort community, the City of Polson is determining the prospect of implementing a local option sales tax similar to the resort tax program currently implemented in other Montana communities. In order to prepare for implementation of a tax, the City of Polson is assessing how other communities structured and successfully implemented a resort tax in their communities.

In May 1985, Governor Ted Schwinden signed House Bill 826 allowing certain towns and resort areas to implement a “resort tax” to help defray the costs associated with providing infrastructure and services to visitors to the area.<sup>1</sup> According to MDOC, “resort and local option taxes serve the function of creating a funding source for local transportation to finance a variety of transportation system improvements.” They are collected in Montana communities with populations under 5,500 who meet specific resort qualifications. MDOC must ascertain that the major portion of the community’s economic well-being is derived from businesses catering to non-business travelers. The resort tax is a local option sales tax on the retail value of certain goods and services sold by lodging and camping facilities; restaurants and other food service establishments; public establishments that serve alcoholic beverages by the drink; destination recreational facilities; and, establishments that sell luxuries.

The fundamental idea behind resort taxes is to allow places with high numbers of visitors but relatively few residents to manage the wear-and tear on local infrastructure without overburdening local citizens. Some communities have little or no assets or revenue to develop or improve the area; therefore, reliance on tourism activity supports the local infrastructure that is being utilized by high numbers of visitors. Local voters must approve the tax, its duration and allocation. For small Montana towns where tourism significantly contributes to the economy as well as contributes to the need for increased and/or improved community facilities and preserving cultural heritage, resort tax revenue is vital. Under state law, the population of the community must be less than 5,500 for a town and less than 2,500 for an unincorporated area<sup>2</sup>. The rate cannot exceed three percent and either a designated board or a local government agency administers the tax, sometimes as a percent of taxes received. At least 5 percent of the resort tax revenue must offset municipal property taxes.

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<sup>1</sup> West Yellowstone representatives were instrumental in lobbying for the legislature to pass House Bill 826 and the town was the first Montana community to adopt a resort tax.

<sup>2</sup> When Whitefish requested MDOC designation, it first had to persuade the State Legislature to raise the population cap from 2,500 to 5,500 for incorporated towns.

## The Resort Tax Process in Montana

### **Montana Department of Commerce Role**

Under Montana state law (7-6-1501, MCA), MDOC is responsible for designating a town or unincorporated area as a resort community or resort area. The process for making this designation includes certifying the population of the community is less than 5,500 for an incorporated town and less than 2,500 for an unincorporated area based on population figures from the most recent federal census.<sup>3</sup> Additionally, MDOC must conclude that the major portion of the community's economic well-being is derived from businesses catering to non-business travelers. Big Sky is an unincorporated area, so implementing the resort tax took a unified, creative and resilient group from Big Sky to convince the Montana State Legislature to designate the community as a resort area. It took three attempts and the assistance of a hired lobbyist.<sup>4</sup>

### **Public Meetings**

Educating and receiving support of the community and registered voters has proven to be crucial to the success of implementing community resort taxes. Committed public support is more than citizens understanding the issue, or even the number of people willing to show up and be vocal at public meetings and forums. Multiple Montana communities have voted against the tax, sometimes more than once, and then favorably approved it once they learned of the benefits. For example, Virginia City voted down the resort tax more than once, and now businesses report that tourists are delighted to learn that Montana is one of the last states with no sales tax, so the 3% resort tax is favorably paid.

Virginia City, with roughly 150 year-round residents, collects more money from resort taxes than property taxes.

While initial voter approval has historically not been very positive in the Montana communities who have implemented a resort tax, communities who used public meetings to inform citizens and business owners of the details and benefits of the tax gained approval more quickly and constructively. Of the resort tax communities that have reached the point of renewal designation, 100% of the communities have received voter

approval for at least an additional 20 years of resort good taxation. West Yellowstone, the first Montana community to implement the tax, renewed their resort tax three years early so that they could continue planning city improvements. The renewal was overwhelmingly voted for by a margin of 88%. In Whitefish, whose population met MDOC guidelines of fewer than 5,500 people when the area was designated as a resort area, reissuance of the tax must meet voter approval; otherwise, the city's resident growth puts the community over the population limits, and as the law reads now, they would not be able to seek redesignation.

While education of community members essential, many resort tax communities offered some of the main concerns encountered at the onset of passing a resort tax including:

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<sup>3</sup> The 2009 Legislature considered a bill to adjust the upper threshold population level requirement for resort communities. The Legislature did not change the upper population limit but revised the law to consider the population at the time of the most recent federal census instead of the federal population estimates produced annually.

<sup>4</sup> Big Sky Resort Tax Office. [www.resorttax.org](http://www.resorttax.org).

- Uncertainty about “another” tax
- “Boundary shopping” worries regarding tourists and locals trying to avoid the tax and drive to other area communities not within the taxable boundaries of the community
- Uncertainty about what is or is not taxable
- Luxury items versus necessity items
- Exact boundaries of the district/area especially related to outfitter and guide services
- Follow-up reporting from commissioners and other County officials that assist with administering the funds

Public outreach education initiatives that have proven successful for resort tax communities have included educational brochures that were mailed to citizens and businesses and also made available at local businesses and public meetings; insight from other resort tax community experts at public meetings; dissemination of all local input and feedback; and, social networking updates.

### ***Ballot Initiative & Voter Approval***

Once a community has been designated a resort community or area, a ballot initiative is required to implement the tax. The local electorate must decide on the rate, the duration of the tax, the effective date and how the revenue is to be allocated. Section 7-6-1503, MCA explains,

(a) The resort tax is a tax on the retail value of all goods and services sold, except for goods and services sold for resale, within the resort community or area by the following establishments:

- (i) hotels, motels, and other lodging or camping facilities;
- (ii) restaurants, fast food stores, and other food service establishments;
- (iii) taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink; and
- (iv) destination ski resorts and other destination recreational facilities.

(b) Establishments that sell luxuries shall collect a tax on such luxuries.

Luxuries are defined as any gift or luxury item normally sold to the public or tourists with the exception of: unprepared food, medicine or medical supplies, appliances, hardware supplies and tools, or any necessities of life (7-6-1501, MCA). Existing resort tax resolutions include sporting good rentals, books, magazines, souvenirs and even antiques as luxuries.

Big Sky requires short-term vacation rental owners to collect the 3% resort tax.

### ***Resort Tax Implementation***

Once the initiative passes by voter approval, implementation begins on the designated day of the approved ordinance. Six of the nine current resort area communities impose a tax twelve months of the year. Three of the areas – who see an influx of tourists in certain seasons - have limited tax

collection months including Craig (April 1<sup>st</sup> – November 15<sup>th</sup>), Gardiner (June 1<sup>st</sup> – September 30<sup>th</sup>) and Virginia City (April 1<sup>st</sup> – October 1<sup>st</sup>).

### ***Enactment of an Administrative Ordinance***

State law requires that an administrative ordinance provide for the administration of the resort tax area, the collection and reporting of the resort tax funds, penalties for failure to report and remit for resort taxes due, penalties for violating the administrative ordinance and for providing further clarification and specification in categories of goods and services subject to the resort tax. A public hearing is held on the administrative ordinance for the purpose of receiving public comment. Copies of the proposed ordinance are generally posted and made available for public inspection before the public hearing.

## **Resort Tax Components**

### ***Collection of Taxes***

Generally, resort taxes are imposed on the retail value of all goods and services sold and items subject to tax must be clarified at the time of seeking voter approval on the tax. The following establishments typically impose and collect the taxes:

- Accommodations including hotels, motels and other lodging and camping facilities;
- Restaurants, fast food stores and other food service establishments;
- Taverns, bars, nightclubs, lounges and other public establishments that serve beer, wine, liquor or other alcoholic beverages by the drink;
- Destination ski resorts and other destination recreational facilities; and,
- Establishments that sell luxuries.

### ***Taxable Items***

Luxury items are generally defined as any gift item, luxury item or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved; medicine or medical supplies and services; appliances, hardware supplies and tools; or, any necessities of life. Some examples of luxury items include:

- Clothing items
- Fishing tackle and sporting goods
- Rentals of snowmobiles, all-terrain vehicles, motorcycles, bicycles, skis, ski lessons, ski lift tickets, snow boards, boats, campers, boat motors and all recreational equipment
- Automobile rentals \*\*\*
- All recreational activities and services on land, air and water
- Souvenirs, curios, jewelry, antiques, gifts and art items
- Beverages sold by the drink
- Entertainment including tickets, or other admission to concerts, theaters, movies, shows, plays or sporting events

- Massages \*\*\*
- Fundraising activities, or part thereof, that are substantially commercial in character

Excluded items vary and can include:

- Groceries or food purchased unprepared or unserved
- Medicine, medical supplies or services
- Utilities and utility services
- Gasoline and other motor vehicle fuel
- Liquor sold at agency liquor stores or by the bottle
- Propane and other home fuels
- Automobiles and trucks
- Appliances
- Hardware supplies or tools
- Lumber
- Real estate sales
- Newspapers
- Garage sales
- Postal services
- \*\*\*Massages prescribed by a physician
- \*\*\*Automobile rental used during emergency repair

### ***Vendor and Merchant Roles***

West Yellowstone's resort tax has dropped the mill levy from 75 to 44 mills over the past 17 years, easing property taxpayer burden.

Establishments that sell luxuries, goods or services within the resort area district (typically divided into three economic sectors including retail, lodging and bars/restaurants) collect the taxes and then submit the reporting form and corresponding taxes due to the appropriate administrator. Most entities must submit resort taxes on a monthly or quarterly<sup>5</sup> basis and nearly all existing resort areas withhold 5% of the tax collected for administration purposes associated with collection and accounting for the tax. Most resort areas also enforce penalties and interest for late payments; collection of these penalties is sometimes not

feasible as some designated areas have little administrative support.

While most designated areas withhold the standard 5% administration fee, merchants in West Yellowstone now retain 2.5% of the tax they collect and have dedicated the remaining 2.5% to a Marketing and Promotions fund. This fund is represented by a citizen's advisory board which recommends projects and events for funding on an annual basis. Nearly \$70,000 is collected annually and is available for promotional activities.

### ***Administration and Allocation of Funds***

Money is generally distributed to a variety of infrastructure and community projects and/or programs. Past allocation of funds by designated resort areas have included:

<sup>5</sup> Big Sky now offers a quarterly remittance option for eligible collectors, decreasing the frequency of processing payment forms.

Vendor Administration Fees	Libraries	Transit Systems
Property Tax Reductions	Snowmobile Groomers	Community Centers
Water and Sewer Maintenance	Underground Utilities	Community Programs
Public Restrooms	Emergency Services and Facilities	Historic Preservation
Museums	Bicycle and Pedestrian Paths	Tennis Courts
Streets and Sidewalks	Parks and Recreation	Emergency Equipment
Gutters and Curbs	Visitor Centers	Administration Fees for Allocation and Reporting

There are several ways to facilitate and manage the resort tax funds. Some communities utilize an advisory and monitoring committee; others, incorporate funds to pay for part-time or full-time administrative assistants. Some places, such as Big Sky, collect and remit monthly payments and the Board of Directors then appropriates funds to critical local community services on an annual basis.

Most tax records and forms submitted to districts by tax collecting establishments are confidential and not open to public inspection unless ordered pursuant to Article II, Sections 9 and 10, of the Constitution of the State of Montana, a court of competent jurisdiction or upon the filing of an action in District Court.

## Resort Tax Community Profiles

Nine communities in Montana have implemented the resort tax after being designated as resort tax communities by MDOC including “communities” of Gardiner, Red Lodge, Virginia City, West Yellowstone<sup>6</sup> and Whitefish; and “resort areas” of Big Sky, Cooke City, Craig and St. Regis<sup>7</sup>. Each of these communities presently applies a resort area tax at a rate of 3% except for the City of Whitefish, which imposes a rate of 2%.<sup>8</sup>

While this assessment focuses on communities that have been successful in instituting a resort area tax, other Montana communities have attempted or are in the process of working through resort tax implementation.

- A proposed resort tax boundary in the Wolf Creek area was approved by MDOC which determined Wolf Creek has sufficient tourist revenue to qualify for the resort area designation. The designation would assist with the design and construction of a new sewer system for the town, which currently deals with septic systems and wells. As of May 21, 2014, Lewis and Clark County commissioners were to authorize the town to hold an election that would decide whether the community could impose a sales tax. Votes by the commission will likely come in late June and early July and the commission must approve

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<sup>7</sup> St. Regis is considered the most unique of the resort tax beneficiaries, successfully arguing to MDOC that, as a tourist stop-off next to a major interstate, it relies heavily on tourist dollars.

<sup>8</sup> From 1996 through September 2011, had Whitefish, MT imposed a 3% resort tax rate versus the 2% that is currently levied, the area would have received an additional \$500,000 for vendor administration and \$10 million for public project use.

two readings before the tax can take effect. If the commission agrees to allow the town to hold an election, ballots are expected to be mailed in September to those who vote in Wolf Creek. The town is proposing a 3% sales tax on luxuries, to be in effect from April 1 through Nov. 15 for 20 years. The majority of what is collected - 90% - will go toward paying off the loan Wolf Creek will incur to help finance construction of its \$3.4 million wastewater treatment system.

- MDOC designated Seeley Lake as a resort area in 2007; tax measures on ballots collected the following two Novembers failed each time. In 2012, a third attempt failed to convince voters once again and the ballot was defeated for the third time in five Novembers. The town was largely seeking resort tax funds to provide some financial relief to fund a sewer treatment facility project, estimated at \$6.9 million.
- The Town of Ennis has been in proposed resort tax ordinance planning since 1997 (when MDOC determined that the town met tourism based requirements); it went to vote in 1998 but was defeated. It was also rejected in 2007. In 2011 the resort tax once again came before voters and was again rejected (300-75). Several downtown businesses argued the tax would discourage out-of-town shoppers and push businesses outside the city limits; supporters argued the tax would let the town on the Madison River benefit more from its busy tourist season.

Montana also has a "bed tax" of 4% on overnight lodging that supports the state's tourism promotion efforts and also contributes funds to state parks, historic sites and other important programs. Lodging facilities (such as hotels, motels, bed and breakfast inns, guest ranches, resorts and campgrounds) collect this tax from guests. In turn, these funds are directed to the Montana Historical Society, the University System, the Department of Fish, Wildlife & Parks, Montana's tourism regions and visitor bureaus and the Department of Commerce for travel and film location promotion. A portion of the bed tax currently supports tourism-related infrastructure around the state.

### ***Questionnaire and Responses***

Resort tax communities were provided with questionnaires in the first week of June 2014 in an effort to gather insight on community structure, resort tax implementation, education and participation processes, benefits and possible obstacles. A summary of select quantitative responses is included in **Table 1**. Questions and a variety of qualitative responses are included below:

1. Who were the key community members (types of positions, titles, organization and/or agency affiliations) that were involved in initiating the resort tax and gaining voter approval to final implementation?
  - Business Owners
  - Chamber of Commerce, County Commissioners, County Attorney
  - City Council Members, Mayor/City Manager
  - Citizens
2. What kind of time period did it take to initiate the tax levy, work through the public review process and then to finally implement the resort tax in your area?

- Spring 1995 – November 1995 - 6 months
  - 1992 – 1998 – 6 years
  - 2002 – 2006 – 4 years
  - 1983 – 1991 – 8 years
3. What positive impacts (programs and/or projects funded through tax revenue) has your community gained from the implementation of the resort area tax?
- New Firehall
  - Bathrooms in Community Center
  - Property Tax Reduction
  - Street and Sidewalk Replacement and/or Renovation
  - Parks and Trails
  - Wastewater and Water Infrastructure
  - Community Center
  - EMS and Search and Rescue Equipment
4. What difficulties did your community experience during the public approval process? If faced with obstacles, what measures were implemented to deal with and overcome the issues?
- Resistance from vendors
  - Responsibility for enforcement and management of collected taxes
  - Potential for tax increases
  - Boundary shopping in proximal towns/areas that don't impose resort taxes
5. Were there any significant merchant/vendor issues that occurred during setup and initial reporting? If any, how were they addressed?
- Committees were formed that assisted in education of businesses and citizens
  - Uncertainty of distinguishing "luxury" item from non-luxury item
  - Definitive resort tax boundaries and the issues of outfitters/guides that live outside the district but provide services within the boundary
  - Random compliance auditing
6. How has community support evolved with the implementation of the resort tax? Do you look for formal feedback from your community to measure support?
- More community involvement once funds start accumulating
  - Board welcomes community involvement at two Town Hall meetings per year
  - Monthly meetings provide opportunities for public comment
  - High majority approval vote when tax period was recently renewed
  - Tax owners see credit on tax bills each year
7. Since implementation of the tax, have there been any problems related to local government agency administration?

- Delinquency collection is time consuming, but citations are issued into Municipal Court if taxes cannot be collected
- Turnover of administrative clerks
- Follow-up and follow-through can be slow from the County
- A different administration team would be beneficial

8. Does your community have an expenditure plan for the tax levies? If so, what is your community's expenditure plan regarding proceeds from the tax levies? For example, what percent of your annual resort tax goes to:

- Street Improvements
- Wastewater/Water System Improvements
- Public Transportation
- Health and Safety Services
- Library/Museum
- Tax Relief
- Tourism Development, Marketing, Promotion
- Parks and Trails
- Police Services
- Fire Services
- Other
  - Big Sky does not require percentages for appropriation
  - Cooke City has no specific percentages other than a district agreement with the County Commissioners dealing with the Water District; all other interested parties wishing to benefit from resort tax funds must submit an application (annually)
  - In Virginia City, city council members meet annually and decides how best to allocate funds
  - Whitefish allocations include 25% for property tax reduction; 65% to streets, sewer, gutters, sidewalks, underground utilities and curbs; 5% to parks and trails; and, 5% to vendors for administration of tax

9. Since implementing the resort tax, would your community ever consider abolishing it? If so, for what reasons? Is renewal assumed?

- Renewal is not assumed in Whitefish but the last passage saw a 76% approval vote
- Big Sky and Virginia City officials are confident it won't be abolished

10. Does your community monitor or measure visitor rates currently, compared to before the resort tax was implemented?

- Cooke City went from close to 4,000 visitors per year at the community center (previously without 24-hour restrooms) to over 20,000 visitors per year
- Big Sky and Whitefish measure visitor rates by annual tax collections

- Montana Heritage Commission monitors tourist rates in Virginia City – resort tax income is compared to those rates

11. How does your community facilitate and manage the resort tax? What community members are responsible for budgeting and managing the program?

- Five member volunteer board elected by public vote in Big Sky who also pays a part time administrative officer
- Whitefish has an advisory and monitoring committee that meets monthly and help recommend a budget; however the City Council enacts the ultimate budget

Project photographs provided by communities for report preparation have been included as ***Attachment A***. Additional information as well as questionnaire responses provided by each community or area is included as ***Attachment B***.

**Table 1. Resort Area/Community Statistics**

Area Facts	Big Sky	Cooke City	Craig	Gardiner	Red Lodge	St. Regis	Virginia City	West Yellowstone	Whitefish
2010 Census Population	2,308	135 NI	43 NI	875 NI	2,155	319 NI	196	1,308	6,460*
Current Tax Rate	3%	3%	3%	3%	3%	3%	3%	3%	2%
Year Tax Research Process Began	1987	2002	2008	1997	1983	1991	1983	1985	1993
Designation Date	1991	2005	2008	1998	1985	1992	1991	1986	1995
First Year of Tax Collections	1993	2006	2010	June 1, 2014	1998	1993	1991	1986	1996
Taxable Months	Year Round	Year Round	April 1 – November 15	June 1 – September 30	Year Round	Year Round	April 1 – October 1	Year Round	Year Round
Duration of Resort Tax	30 years; renewed in 2006	20 years	20 years	20 years	25 years	20 years	20 years	20 years; renewed in 2002	20 years; in 2004, reauthorization of tax extending the ending date an additional nine years to 2025
Approximate Annual Tax Revenue	\$3,524,021 (FY2014)	\$138,854 (FY2013)	\$81,426 (FY2013)	Estimated at \$700,000 - \$1 million in first year	\$713,562 (FY2013)	\$83,000/year average since 2002 \$180,000 (FY2013)	\$65,000	\$2,746,685 (FY2013)	\$2 million in 2013 and \$1.2 million average since 1996

NI – Non-incorporated

\*Though the City of Whitefish’s population was under the 5,500 threshold for population maximum when the City was designated as a resort community, the population has since grown to nearly 6,500. If the reauthorization of extending the tax is ever denied by voters, the City would not be able to be seek redesignation as a resort community.

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Special thanks to the following communities, organizations and/or representatives for providing statistics, documents and other relevant information useful in researching and compiling information: Big Sky, City of Red Lodge, City of Whitefish, Cooke City Community Council, Gardiner Chamber of Commerce, Lewis & Clark County, Mineral County, Town of West Yellowstone and Virginia City Mayor.

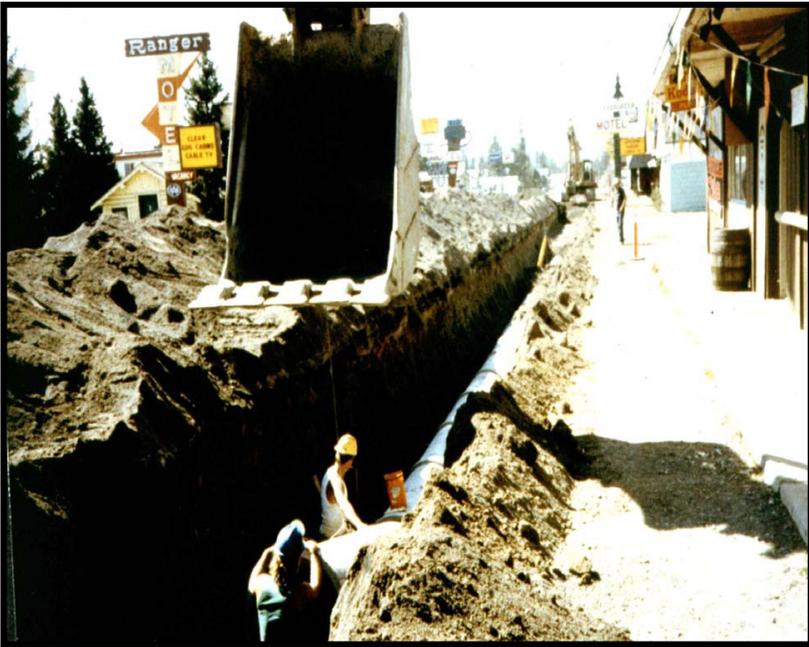
# **Attachment A**

Photographs of Resort Area or Community

Tax Funded Projects



Cooke City Community Center construction



**Wastewater infrastructure project  
in West Yellowstone**



**City of Whitefish pedestrian bridge**



Paving projects in West Yellowstone



**Spring box construction in West Yellowstone**



**Whiskey Springs Reservoir Project  
in West Yellowstone**



**New fire truck in West Yellowstone**

# **Attachment B**

Resort Tax Community Questionnaire Results  
and Other Relevant Information

# **Big Sky**

# Resort Tax Questionnaire

*This questionnaire is meant to assist the City of Polson in learning how your community structured and successfully implemented the Resort Tax. As a Montana Community looking to implement the same Resort Tax you are currently applying, your feedback is crucial to their success. Any information you can provide regarding your experiences will help one more Montana Resort Community gain access to the funds for infrastructure maintenance and development that are necessary to support our visitors use. Thank you!*

1. Who were the key community members that were involved in initiating the resort tax and getting through voter approval to final implementation?

Michael Richards  
Carol Collins  
Richard Wambsgans  
Becky Pape  
Taylor Middleton

Dave Traylor  
Lindy Adelman  
Bob Biggerstaff  
Michael Scholz

2. What kind of time period did it take to initiate the tax levy, work through the public approval process and then to finally implement the resort tax in your area?

1992-1998

3. What positive impacts has your community gained from the implementation of the resort area tax?

Since its inception, the money raised from the tax has played a significant role in the funding of services and programs including tourism development, infrastructure facilities, post office services, ambulance and emergency services, public transportation systems, parks and trails, community library, and other services that provide for the public health, safety and welfare within the Big Sky Resort Area District.

4. What hurdles did your community experience during the public approval process? If you faced hurdles, how did you get around them?

The community was facing a water and sewer moratorium. The stagnation in business and home development and growth brought the community together. Resort tax provided a bond to move the project forward.

5. What barriers has your community experienced from the implementation of the resort area tax?

Implementing and continuing to collect a tax in Montana, which has voted down a general sales tax, will have resistance from businesses. It takes continued education on the positives for the community.

6. How has community support evolved with the implementation of the resort tax? Do you look for formal feedback from your community to gage support?

We hold compliance audits for 10 randomly selected businesses annually. The auditors receive cooperation from the businesses; however, the businesses, in general, would prefer not to have to administer Resort Tax. Although many may increase their profits with the administration fee of 5% on every 3% remittance, increasing their product or service by 3% is a hindrance.

The board welcomes and seeks community involvement at two Town Hall Meetings per year and the annual appropriation process, which includes two publically advertised meetings. All monthly meetings are public and opportunities are provided for public comment at every meeting.

7. Since implementation of the tax, have there been any problems related to local government agency administration?

The Big Sky Resort Area District is a "resort area district", not a "resort area community". We are an unincorporated area, not a city or town. Resort Tax is the only local "government" in Big Sky. Otherwise, we are governed by the Montana Legislature and work closely with the Gallatin and Madison County Commissioners.

7. Does your community have an expenditure plan for the tax levies? If so, what is **your community's expenditure plan regarding proceeds from the tax levies**? For example, what percent of your annual resort tax goes to:

- Street Improvements?
- Wastewater/Water System improvements?
- Other Infrastructure?
- Public Transportation?
- Health and Safety Services?
- Library/Museum?
- Tax Relief Programs?
- Tourism Development, Marketing, Promotion?
- Parks and Trails?
- Others? (please list if possible)

Percentages for appropriations are not required.

8. Since implementing the resort tax, would your community ever consider abolishing it? Is renewal assumed?

With the great strides Resort Tax has allowed our community to make, I do not think it would consider abolishing it.

On November 7, 2006, by a majority vote of the qualified electors, the District was extended 20 years to 2032.

9. Does your community monitor or measure visitors rates currently compared to before the resort tax?

We measure visitor rates by annual tax collections. You'll see our 12 year tax collections per fiscal year [here](#)

10. How does your community facilitate and manage the resort tax? What community members are responsible for budgeting and managing the program?

Five volunteer board members are elected by public vote (two-three every other November).

The District Board shall enforce the collection of resort taxes and oversee methods and procedures to be used in enforcing the collection of the resort tax within the Big Sky Resort Area District (98-01-ORD Sec 13).

Under the Law, the Board is authorized to appropriate and expend resort tax revenue for activities and services authorized by the Resolutions creating the resort area and to adopt administrative ordinances necessary for the administration of the resort tax (Primer 6).

Resort Tax employs a part time Administrative Officer.

Administrative Officer Job Description

- Sole staff member of the District
- Tax Collection: bookkeeping and financial oversight of over \$4,000,000 in annual tax collections as well as tax collection enforcement including litigation assistance.
- Appropriations: manage the appropriations process from the application stage to the payment stage, ensuring recipient adherence to funding agreements.
- Special Projects: related to legal governance issues, legislative sessions, public elections, financial audits, investment opportunities and other priorities.
- Board Meetings: prepare for and follow up on items discussed at meetings.
- Office Management: management of the office space, files, equipment, website, insurance and all items related to the operation of the District.
- Demonstrate understanding of the District ordinances, statutes and regulations, legal opinions and resolutions

In addition, we rely on the expertise of Attorney Mona Jamison for legal direction.

### Big Sky Resort Area District Annual Resort Tax Collections by Fiscal Year (July 1st to June 30th)

Unaudited Tax Collections	Audited Tax Collections												
	2014	**	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
July	323,304		218,629	207,874	185,273	173,629	234,886	220,270	186,957	177,216	167,868	114,246	101,147
August	280,896		236,466	211,638	173,908	159,793	218,182	184,993	217,623	205,675	159,195	160,682	127,277
September	179,362		156,422	125,656	135,096	95,827	104,991	181,392	115,561	133,787	110,047	137,692	139,525
October	61,626		36,626	36,501	40,878	51,988	50,852	47,330	99,536	79,963	68,571	34,769	24,648
November	50,484		50,336	49,869	49,730	45,019	38,400	64,184	57,420	59,844	52,750	49,200	31,276
December	491,215		429,129	409,415	374,307	315,233	299,547	318,939	308,153	264,102	227,567	218,350	211,054
January	487,527		410,107	368,822	357,652	316,583	336,509	368,560	345,157	314,388	228,666	232,455	231,674
February	718,715		555,891	485,336	456,052	406,000	400,450	483,918	424,262	370,804	398,661	399,594	269,343
March	168,892		673,171	582,587	555,354	434,174	420,651	577,804	474,649	455,711	365,386	339,186	404,724
April	46,255		165,730	182,245	158,699	122,977	103,438	105,392	183,535	169,536	148,643	93,354	63,044
May	93,129		31,186	32,063	75,516	21,607	16,491	38,594	36,614	34,421	56,750	21,553	17,140
June			112,615	70,207	96,564	60,578	77,340	94,615	139,049	44,937	73,692	83,699	68,943
PYC***	55,724		33,782	37,556	20,778	7,501							
<b>Total</b>	<b>\$3,524,021</b>		<b>\$3,110,081</b>	<b>\$2,779,769</b>	<b>\$2,679,807</b>	<b>\$2,210,908</b>	<b>\$2,301,736</b>	<b>\$2,685,990</b>	<b>\$2,588,618</b>	<b>\$2,310,385</b>	<b>\$2,057,605</b>	<b>\$1,884,779</b>	<b>\$1,689,794</b>

Estimation based on 2011, 2012, 2013 average

\* Amounts adjusted for year end audit accruals.

\*\* For consistency, unaudited resort tax collections will be updated by the 3rd Wednesday of every month. Since resort tax remittances are not due until the end of the month following the month they are collected, resort tax collections will not be reported until approximately 15 days after the due date. (For Example: July resort tax collections will be released by the third Wednesday of September.)  
Please Note: Unaudited tax collections may be modified each month as past due collections are reported.

\*\*\*PYC stands for "Prior Year Collections", or payments that were due in the previous fiscal year.

\*\*\*\* To calculate reported gross taxable sales, divide resort tax collections by 0.0285

Updated May 12, 2014

## Resort Tax

### 2014-2015 Appropriations Applications and Prior Year Funding

Order Received	Applicant Project Description	2014-2015	
		Requested	Funded
1	Search and Rescue	31,000	TBD
2	Women In Action: Counseling	30,000	TBD
3	Weeds Committee	42,500	TBD
4	Blue Water Task Force	97,660	TBD
5	Rollover Skating and Hockey Association	2,000	TBD
6	Skating and Hockey Association	27,931	TBD
7	Library	71,173	TBD
8	Snowmobile Association	20,000	TBD
9	Arts Council	125,700	TBD
10	Rollover Trails, Recreation and Park District	1,288	TBD
11	Trails Recreation and Park District	5,000	TBD
12	Rollover Post Office	11,872	TBD
13	Fire Department	382,000	TBD
14	Transportation District	375,000	TBD
15	Community Corporation	343,220	TBD
16	Sheriff's Office	257,062	TBD
17	Ski Education Foundation	38,715	TBD
18	School District	76,000	TBD
19	Warren Miller Performing Arts Center	75,000	TBD
20	Recreation Facility Enhancement	560,000	TBD
21	Rollover Entryway	42,585	TBD
22	Chamber Annual Program of Work	594,590	TBD
23	Visit Big Sky	584,000	TBD
24	Food Bank	5,218	TBD
25	Water and Sewer District	18,000	TBD
26	Jack Creek Preserve	2,000	TBD
27	Morningstar	64,700	TBD
28	Sinking Fund	TBD	TBD
	TOTAL	3,884,214	TBD

# \$4 million for the public good

**LAURA BELL Lone Peak Lookout | Posted: Thursday, June 19, 2014 12:00 am**

More than \$4,000,000 was allocated by the Big Sky Resort Tax Board during their final appropriations of resort tax funds for the 2014-2015 fiscal year. Twenty four entities requested funding from the Tax Board and 23 entities received funding. Twenty one groups received the total amount requested, the majority of which had unanimous votes and very little discussion by the five-member board. The board approved \$4,041,814 of \$4,265,314 in requested funds, including \$746,100 into the sinking fund.

The Gallatin Big Sky Weed Committee received \$30,000 of the requested \$42,500 for a noxious weed project. The Big Sky School District asked the board for \$76,000 for an entry sign and digital reader board for the school and the Warren Miller Performing Arts Center. They received \$60,000. The board asked the district to come up with the additional funds needed.

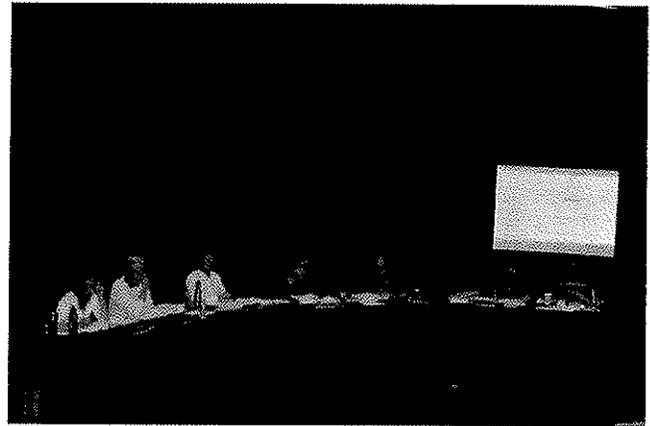
The Big Sky Recreation Facility Enhancement, the board formed to help build the proposed recreation and outdoor arena initially requested \$560,000 for capital expenditures, operations and paid personnel but lowered their request to \$195,000. Their proposal was the most highly debated of the day.

Ginna Hermann suggested \$50,000 for a new study with a different consultant. Jeff Strickler said the group had a study but needed to return to the tax board the following year with a business plan and reasonable proposal.

“Every other resort town has a rec center. We need one,” said Heather Budd.

Mike Scholz said that he would like to see the recreation center board back the following year.

The board voted 3 to 2 against any funding for the rec center group.



## Important decisions

Above, the members of the Big Sky Resort Tax Board listen to a request for funding at last Wednesday's meeting. Most proposals were granted the requested monies.

**Cooke City**

[REDACTED]

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**From:** [REDACTED]  
**Sent:** Monday, June 09, 2014 12:17 PM  
**To:** [REDACTED]  
**Subject:** resort tax

Hi Kristen

I am very excited for your pursuit with Resort Tax for your community.. It is an amazing tax and we have benefited HUGELY in our little community of Cooke City. (population 90,yr round residents)...

I have been involved with the resort tax initiative since 2002. We passed the resort tax in 2005 and started our collections in 2006.

I was president of the Chamber of Commerce for several years and transitioned to the Cooke City Community Council, President. The Council is a non profit organization, please check out our web site at [www.cookecityareacouncil.org](http://www.cookecityareacouncil.org) It has a lot of information about our community and there is even a brief note on the resort tax.

I would be available for a phone conversation per a scheduled time. I am a volunteer and own the Big Moose Resort!

Thanks,

Bev [REDACTED]  
[REDACTED]

No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2013.0.3480 / Virus Database: 3955/7648 - Release Date: 06/09/14

## Resort Tax Questionnaire

*This questionnaire is meant to assist the City of Polson in assessing how your community structured and successfully implemented a resort tax in your area.*

*As a Montana community looking to implement a resort tax similar to the program developed by your community, your feedback from experience through this process is extremely beneficial in assisting the City of Polson.*

*Any information you can provide regarding your experiences will help one more Montana resort area / community receive funding resources to manage the wear and tear on local infrastructure without overburdening local citizens.*

*Please feel free to contact me at the information listed below should you have any questions or concerns. We thank you for your assistance!*

1. Who were the key community members (types of positions, titles, organization and/or agency affiliations) that were involved in initiating the resort tax and gaining voter approval to final implementation?

Chamber of Commerce, Commissioners, County attorney. Resort tax committee included active locals (Chamber/Council), RC+D, networked with Red Lodge. Locals did one on one education, answered questions, brochure.

2. What kind of time period did it take to initiate the tax levy, work through the public approval process and then to finally implement the resort tax in your area?

2002, started research with other AREAS, Red Lodge, RC+D assisted local committee with process, brochures for community education. Passed 2005, educated with pieces for collections, one on one, handouts and started collection 1/2006.

3. What positive impacts (programs and/or projects funded through tax revenue) has your community gained from the implementation of the resort area tax?

Community Center (Public Restrooms, Visitor Center, Conference Room, Museum) → Council owns!

EMS Radio's 1X, S+R Radio's 1X  
Water District annual contract 20,000

Soft Ball / Rec Field Equipment, GloomER Payments to Snowmobile Club, Chamber (Executive Director, marketing), Fire Dept. equipment, Silver Gate Water Association

4. What difficulties did your community experience during the public approval process? If faced with obstacles, what measures were implemented to deal with and overcome the issues?

How and who would enforce and manage collections? Resort Area used County Commissioners, Park County Treasurer + Park County Attorney manage collections and enforcement.

5. Were there any significant merchant/vendor issues that occurred during set-up and initial reporting? If any, how were they addressed?

Yes, uncertainty of what is "luxury items or taxable services versus necessity or?" if it is in the Resort tax Boundary (i.e. Outfitters, guides)

6. How has community support evolved with the implementation of the resort tax? Do you look for formal feedback from your community to measure support?

After it was collected the community became more involved to see how the Commissioners would allocate or make decisions on applications. Encouraged locals to come to public meetings, especially with

7. Since implementation of the tax, have there been any problems related to local government agency administration? Commissioners presence.

Sometimes follow up or follow through can be slow from Commissioners or County Attorney. Audit at County (Treasurer) is slow and could improve, would like a different admin. party.

8. Does your community have an expenditure plan for the tax levies? If so, what is your community's expenditure plan regarding proceeds from the tax levies? For example, what percent of your annual resort tax goes to:

- a. Street Improvements?
- b. Wastewater/Water System improvements?
- c. Public Transportation?
- d. Health and Safety Services?

There is no specific expenditures other than a District agreement with Commissioners such as Water District, otherwise we have no other local districts and all applicants are required to apply every year.

- e. Library/Museum?
- f. Tax Relief Programs?
- g. Tourism Development, Marketing, Promotion?
- h. Parks and Trails?
- i. Police Services?
- j. Fire Services?
- k. Others? (please list if possible)

Community Center (Council) 501(c)(3) } Operations/  
 } maintenance  
 } Clerk

9. Since implementing the resort tax, would your community ever consider abolishing it? If so, for what reasons? Is renewal assumed?

"HATE TAX" or feel that they are not getting their "fair share" and it is used towards something they won't use or need! 😞

10. Does your community monitor or measure visitors rates currently, compared to before the resort tax was implemented?

Yes, at the new community center (visitor center 24 HR public Restrooms) we went from 4,000 to > 20,000 visitors per year. Resort tax collections average yearly about the same, we predicted

11. How does your community facilitate and manage the resort tax? What community members are responsible for budgeting and managing the program? right on with \$ collected!

Encourage public meetings to share with the community and commissioners what you may see as a community need for Resort tax! Open communication prior to applications is greatly encouraged!

Contact Information:

Kristen Galbraith  
 Project Support Staff  
 406-222-6555

kristen@nittanygrantworks.com

Each organization or applicant is required all the same documents with application. (this includes their budget). The Resort tax estimate of collections can affect the application being denied if there are not enough collected funds, then the Commission decide on how to budget to the requests!

**Colter Pass, Cooke City, Silver Gate Resort Tax Area  
Profit & Loss  
All Transactions**

	Dec 31, 08	Dec 31, 07	Dec 31, 08	Dec 31, 09	Dec 31, 10	Dec 31, 11	Dec 31, 12	Dec 31, 13	TOTAL
<b>Income</b>									
<b>Resort Tax Collections</b>									
Capital Improvements	6,557.97	122,418.54	127,990.84	128,411.20	118,756.72	129,119.65	131,964.22	131,222.83	1,009,313.65
Property Tax Relief	0.00	14,472.71	14,951.97	15,169.51	14,101.42	15,022.05	14,461.78	15,469.90	118,233.44
County Administrative Fee	0.00	1,447.27	1,759.38	1,515.94	1,410.14	1,502.23	1,446.16	1,547.02	12,097.54
Total Resort Tax Collections	6,557.97	138,338.52	144,712.19	145,097.65	134,368.28	145,643.93	137,892.16	148,239.65	1,138,644.63
<b>Interest Earned</b>									
Investment Income - Capital Impro	0.00	1,206.03	6,519.94	4,267.58	2,477.18	1,633.94	704.69	349.77	106.46
Interest Income - County Admin	0.00	19.56	73.27	479.51	27.84	18.35	7.92	8.50	1.18
Interest Income - Property Tax	0.00	136.51	732.59	479.51	278.34	183.60	79.18	34.75	1,935.46
Total Interest Earned	0.00	1,352.09	7,325.80	4,796.05	2,783.36	1,835.89	791.79	393.02	119.61
<b>Total Income</b>	6,557.97	139,690.61	152,037.99	149,893.70	137,091.64	147,479.82	138,683.95	148,632.67	1,150,044.24
<b>Expenses</b>									
<b>Resort Tax Expense</b>									
Fire District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Silver Gate Water	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Snowmobile Club	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recreation Site	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chamber	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Billboard	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travel Counselor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Executive Director	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Port A Johns	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Chamber	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Capital Improvement - CCCC</b>									
Building Misc Expenses	0.00	0.00	0.00	26,159.23	116,464.12	62,912.71	21,897.65	23,577.22	30,229.30
Building	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal and Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Principal and Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Building Reserve Fund</b>									
Total Building	0.00	0.00	0.00	0.00	167,057.47	36,258.77	37,402.37	35,922.78	47,770.70
<b>Grant Match</b>									
Gildred's Book	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00	0.00	3,500.00
Radios	0.00	0.00	6,500.00	0.00	0.00	0.00	0.00	0.00	6,500.00
Picnic Tables & Port a John	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	4,000.00
Flesh Fry	0.00	0.00	5,339.50	0.00	0.00	0.00	0.00	0.00	5,339.50
Total Capital Improvement - CCCC	0.00	0.00	5,133.03	0.00	0.00	0.00	0.00	0.00	5,133.03
<b>Total Resort Tax Expense</b>	0.00	0.00	21,032.53	29,659.23	263,521.59	99,171.48	59,300.03	78,000.00	629,994.85
<b>Tax Relief</b>	0.00	6,432.29	14,966.53	19,204.53	11,089.69	14,177.75	14,668.79	14,747.48	110,225.53
<b>Admin Fee</b>	0.00	0.00	0.00	0.00	5,108.56	0.00	4,067.75	385.36	9,561.67
<b>Total Expense</b>	0.00	6,432.29	35,999.06	57,796.70	331,869.56	150,868.91	134,295.96	159,592.35	1,012,603.50
<b>Net Income</b>	6,557.97	133,258.32	116,038.93	92,096.90	194,797.92	3,386.99	4,397.99	12,701.50	20,418.48

## Background & History of Cooke City Area Resort Tax Noted on March 2011

Cooke City Area is a non-incorporated community with a population of approximately 135 year round residents. The community had no assets or revenue to develop or improve the area; therefore, it became obvious as a tourism industry the community could solve this with a resort tax. The resort tax would become the income needed by the Community to accomplish several projects needed in the area.

As early as 2002, the Resort Tax process began with the Cooke City Area Chamber of Commerce. They took the lead on the research, process, consulted with others and set forth with education to the Community. The Chamber had a few members that became a Resort Tax Committee led by Suzy Hahn, President Chamber of Commerce. The Northern Rocky Mountain RC&D, (Resource Conservation & Development), Staff from RC&D included Cynthia Evans & Josh Kellar. RC&D. Park County Commissioners, with Commissioner Dick Murphy's as led support commissioner. The RC&D saw a need for further tourist development as they established the designation of the Beartooth Highway as an "All American Road". The Corridor Management Plan for this All American Road included the Community Building to provide restrooms & area History. This status qualified the Community for several different options of grant funding. All of these entities networked through the entire process.

A Community implementing resort tax collection is required to obtain a "resort area designation" from the MT Department of Commerce. July 14, 2003 a letter was written to them to request this approval. Sept. 24, 2004, the MT Dept. of Commerce had completed their study and we received our resort tax area designation.

Next Step: Educate and win the support of the Community and its registered voters!

The Chamber needed all the information they could provide to the community (registered voters) to win the resort tax vote! The Chamber consulted with other non-incorporated resort tax areas or districts to gather all information possible on their process of establishing the resort tax. Red Lodge and Whitefish appeared to be the closest in population & businesses to estimate Cooke City would possibly bring in 100,000 year resort tax. The Chamber by 2002 had transitioned the led of the resort tax project to the CCCC. The CCCC President, Suzy Hahn (resigned from the Chamber to lead the CCCC) and the resort tax committee had public meetings, developed brochures to educate everyone involved with the resort tax collection. Red Lodge City Council Man, Rod Profit attended a public meeting in Cooke City to answer questions on how the resort tax has worked in Red Lodge.

The Chamber had projects to support the need of the resort tax. The priority project included 2 Phases: Phase 1, a building to house public restrooms, chamber/visitor center, meeting room, historical museum. Phase 2, a new Fire hall, EMS, Search & Rescue, club meeting rooms and a groomer building/garage. The Chamber had an opportunity to

purchase adjoining property to the original fire hall building, EMS/S&R building and make these several lots all community properties.

The Chamber's well established organization realized that their status as a 501 (C) 6 would not legally qualify as the non-profit organization needed to allow all aspects of fundraising, as well as community representation, (not just business relationship) and that the community would need a 501 C 3 status organization to succeed. Meanwhile, the Chamber formed a subdivision, Cooke City Community Council (CCCC) with its goals being a non-profit 501 C (3) fundraising & implement & support of local community projects!

The CCCC continued to pursue grants to purchase property, design the buildings and prepare the Community for the resort tax!

As early as 2003 the CCCC started direct donor solicitation as well as fundraisers such as luaus, fish fry, raffles, auctions, etc.

**Craig**



**Printer Friendly Article**



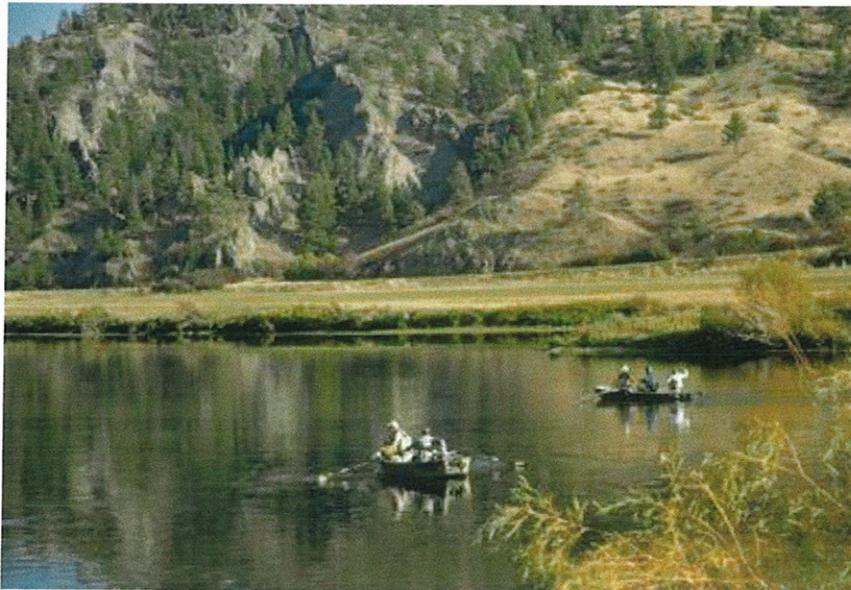
# BIG SKY JOURNAL

www.BigSkyJournal.com

## Fish Town: Craig, Montana

Locals set the pace in this Missouri River village that attracts anglers from around the world

*Written By Michael Ober*



Fishermen floating the Missouri River above Craig. Photo By: Lynn Donaldson

It's safe to say there are likely more drift boats in Craig, Montana, than people. The community is the quintessential fishing village tucked in hard against the broad Missouri River. There's a campground, a couple fly fishing shops, two watering holes, a restaurant, camper trailer crash pads, a few summer cabins, some rooms to rent. That's it. There is no grocery store, no gas pump.

Like most Montana places, Craig owes its beginnings to miners and homesteaders. Warren and Eliza Craig filed a gold claim in 1886 and built a small log cabin on the current town site. Next came a post office and then the Montana Central Railway providing freight and passenger rail service between Helena and Great Falls.

The devastating 1908 flood wiped out most of the town. Its 25-foot floodwall toppled the iconic water tower that had fed the steam engines and then floodwaters scoured the rails off the rim of the river. Regular rail service between Helena and Great Falls ceased afterwards, awaiting new trackage. Most folks left. Some stayed. With time, the railbed was rebuilt through Craig and the construction of the Holter dam provided some jobs. Eventually, a new life emerged for the little village by the river, drawing fly fishermen from all over.

Today, the rusty rails are no longer in use. "Haven't seen a train on 'em in about 10 years," said one of the bartenders at the Craig Bar. "Once they tried to park miles of empty boxcars there that blocked the view and weren't very scenic. We put a stop to that."

Locals are pretty sensitive to the river corridor values of clean viewsheds and clean waters, and with good reason. Water is a lifeline to those who call it home. Even though Craig is not an incorporated town, there's a three percent "resort tax" here. But don't look for curbs, gutters, paved streets or ornate street lamps. It's all targeted for a new \$1.1 million sewer system to replace a collection of hodgepodge septic tanks perched on a high water table. Nothing sexy or glitzy for Craig. It is still the classic trout bum town along the Montana lines of Ennis or Livingston ... just smaller.

"There's only 30 of us who live here," observed an employee at The Trout Shop, one of the three licensed outfitter businesses in town. "The Shop" and the nearby Headhunters Fly Shop refer clients to a host of local guides eager to launch boats, catch huge fish and put happy faces on fishermen.

Judging by the out-of-state license plates outside of "The Shop," Craig does not have to worry about lack of rail service anymore. It's the 6,035 rainbow and 500 brown trout of catchable fish per mile that draw visitors here from all over the world. Chris Goodman should know. He's been operating "The Shop" for 24 years. He points out that Craig is at the epicenter of the upper Missouri fishery. Its adjacency to Interstate 15, the outflow of Holter Dam, the bridge connecting the scenic old highway, along with Craig's proximity to Great Falls and Helena with their commercial airport, makes it accessible. And the fishing makes Craig legendary.

Chris hired fellow sewer board member Mary Cronenwett after lamenting that he couldn't find steady help at his shop. She stepped up and now does a little of everything: housekeeping, making deli sandwiches, booking trips, shuttling clients and trailers, cleaning boats. She and her husband live off the grid upstream, outside of Wolf Creek, raising four sons. Chris keeps four permanent employees on staff and hires about 27 seasonals to augment his operation from April to October. It's the way that residents up and down the river earn their keep and shape their lives.

Mike Kuhnert guides here. His business card reads "Evolution Fly Fishing" and sports an image of an ape evolving into a prehistoric man and then a fly fisherman. Sunburned, slender and engaging, he's been at it for eight years, arriving in Craig via San Francisco and Minnesota. "I stumbled onto a premier engineering program at Montana State when I was 19 and made it to my senior year. Dropped out and came here. I can do this year 'round, and in the off-season this whole river is my playground. We'll go out just as long as it's not 30 below."

His Suburban is always hooked up to his embattled Adipose drift boat, where he's attached chunks of old carpet adjacent to the seats that hold hundreds of flies of all patterns. No tackle box needed here. Same as others here, he hires out with local outfitters, freelances, trolls for clients like cabbies in search of fares. Hooked fish equal tips. Truth is, guiding is *de rigueur* on these waters.

Sure, wade-fishing locals from Great Falls and the surrounding area know the waters and have success, but these fish are finicky. There is lots of science here. No dumb-luck fishing allowed among the faithful fly-throwing crowd. There's weather, tackle (lots of it), topography, light and shadows, skill (lots of it, again) and bugs ... bazillions of 'em. The rich nutrients of the cold tailwaters issuing forth from the bottom of Holter Dam create a smorgasbord of feed for fussy fish. Midge, mayflies and caddis hatches litter the surface, making everything about the size, shape and presentation such a champagne art here. "Boat" a trout here and you've been judged by a strong critic. They've seen every pretender and presentation.

Down the street, at Izaak's restaurant, Janet waits tables with a quick smile and easy way. She came to Montana from Seattle, settled into a steady job in Helena and commutes to Craig twice a week to earn extra money in the evenings. At the end of the summer season, she's headed to Bend, Ore., for a fresh start. "Poverty with a view, you know," she said, referring to Montana's quirky economy. Craig is not for everybody.

So far, though, it has been for owner and chef John Winders who bought the restaurant two years ago through Craigslist. "I've lived in 26 different states," he said. "I'm a chef with a fly fishing problem." He buys much of his food items locally from ranchers, Hutterite colonies and gardeners, believing in supporting a strong Montana economy whenever he can. His barbecue rib recipe is a secret, and during the high season, the restaurant is packed. "Trouble with the restaurant business is that you are

the owner every single day." Izaak's is closed January, February and March each year to allow for repairs and time away for John to, well, fly fish in New Zealand.

At the Craig Bar, aka Joe's Bar, locals often take turns serving beer. Today's customer may be tomorrow's bartender in a true sense of pitch-in community spirit. And the till and the inventory always come out right. A prominent sign inside the door reads "Per Joe, NO MORE dogs allowed in the Craig Bar. Dog gone." Though nearby, three dogs are lying on the floor or hunkered in next to a few locals, taking up what the canines regard as their rightful place in the bar. There's a certain rhythm here ... the true laid-back soul of Montana.

Outside, lying in the dust, the town mayor, Gracie, struggles to get to her feet. The larger-than-life St. Bernard sports a dirty cast on her rear leg and slowly limps off down the street. Someone backed over her in a parking lot recently, resulting in pins and screws and rods and lots of vet bills. "Well, she's big and slow, you know," commented Gail Johnson at the Craig Bar. "Couldn't get out of the way quick enough." She explained that residents have scheduled a fundraiser to help the owner with Gracie's expenses.

Just down the road near the Fish Wildlife and Parks campground and boat launch, Mike Crawford and friends set up camp on a small private lot fronting the river. They gather here as often as time and work allow, to track down the Missouri's infamous trout. "We're from Bozeman and we've been 'squatting' this lot from some friends who've let us camp here for many years. It's as much about the fun and friendship as the fish," he said. "One year we had a fire going in the fire ring and we threw in a can of pork and beans and forgot to vent it. When it exploded it blew out the whole fire. I mean completely gone! Moments later the can finally splashed down somewhere out in the river and I was covered in hot beans. Thought I'd lost the sight in my left eye. I mean, we're all MSU graduates. Engineers, you know? We took 'thermo,' right?"

Such war stories, lies and fishing lore are legion in Craig, Montana. Mike and his friends will readily remind you that a trout is the only thing that actually gets bigger after it is dead.

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## Proposed resort tax divides Craig

APRIL 02, 2009 11:00 PM • GAZETTE NEWS SERVICES

### UPDATE 10:30 a.m. :

CRAIG - A proposal for a 3 percent seasonal resort tax to help pay for a new community sewer system has caused a feud between longtime residents and fishing and tourism businesses drawn to the town along the Missouri River.

"What it's done now is that it's split the town wide open," said Dan La Fromboise, chairman of the Craig Water and Sewer District board. "There are people who have been friends for years and now they aren't talking to each other."

Ballots were mailed out Friday to year-round residents and are due back to the Lewis and Clark County Clerk and Recorder's office by April 28.

Supporters say tourists who flock to the tiny town between Helena and Great Falls to access the Missouri River's blue ribbon trout fishery should help pay for the sewer system.

"I look at this money, it's almost free money," said Melanie Raines, who manages Izaak's restaurant. "We're just asking the people that enjoy coming to Montana to help out with a sewer system that they're using."

Longtime area residents say the new sewer system would really only benefit businesses that cater to anglers, and that the current system of wells and septic systems is fine for residential use.

"They're trying so hard to turn this into nothing but a trout fishing town," said board member Betsy Simmons. "It's a really nice, small community. Those of us who moved here would like to keep it that."

County environmental officials say the current system isn't very sanitary, with wells and septic tanks close to each other.

"The method of wastewater treatment in Craig is not protecting groundwater, and there's a potential health risk here," said Kathy Moore, the county's environmental health director. She said her office has worked with several residents to replace failed systems in recent years.

In one situation, a resident agreed to abandon their well to allow a neighbor enough room to replace a septic system, she said. "We won't always get someone who's willing to replace a septic system."

The tax, which would be in effect from April 1 to Nov. 15, would be assessed on lodging, food services, alcohol sold by the drink, destination recreational facilities and on other luxury items.

At least 80 percent of the money raised or \$50,000, whichever is greater, would go to funding the wastewater improvements.

Estimates in 2006 said the sewer system could cost \$1.85 million.

Sharon LaFaver, another water and sewer board member, supports the resort tax and new sewer system.

"I can see where the people who have lived here for a long time don't want change," she said. "But the fishermen are here. The tourists are here. The community can't continue on without (a sewer system). If it's not this year, then it's next year. If paying for it won't come from the resort tax, then it'll come out of our pockets."

**Gardiner**

## FROM THE OFFICE OF THE CHAMBER OF COMMERCE

### Residents of Gardiner,

Over the last few years the Gardiner Chamber of Commerce has evaluated the pros and cons of possible funding sources for our community. Our research has concluded that the largest opportunity would be collecting funds during Gardiner's peak season of visitation.

In 1998, Gardiner submitted a report to the Montana Department of Commerce requesting that Gardiner be designated as a Resort Area. The designation was approved. The fundamental purpose of this designation is to allow places with high numbers of visitors but relatively few residents to manage wear-and-tear on local infrastructure without overburdening local citizens. Gardiner, with approximately 600 year-round residents and serving nearly 1.3 million visitors annually, fits this description very well.

Our Resort Area designation allowed us to create a petition to put a referendum on a ballot to the registered voting residents of the Gardiner Resort Area for the purpose of collecting funds that can only be spent within the Gardiner Resort Area (roughly the water and sewer district boundaries). Based on historic visitation and lodging tax collections, it is estimated that annual collections for a Gardiner resort tax will be \$1,000,000.

Late last year we mailed educational brochures and sponsored an education session hosted by a panel of subject experts. Insight from those experts and local feedback we received, gave us direction on the details of creating a petition to bring a resort tax to a vote.

The initiative proposes a tax of 3% by businesses on the retail value of the goods and services sold within the Resort Area for lodging, camping facilities, food service, luxuries and gift items during the months of **June, July, August, and September**. The tax would be effective for twenty years and to be used as follows:

- 5% to the merchant as a collection fee.
- 5% to property tax relief.
- 5% to rebate fees that appear on the property tax bill; an equal amount per taxpayer.
- 5% to a Community Services and Cultural grant account.
- 5% to fund the operational expenses of the district.
- 50% to an infrastructure, and community development grant account including, but not limited to; grants funding emergency services, major transportation improvements or maintenance, water and sewer work, energy efficiency and renewable investment in existing or future public facilities and other local projects as identified.
- 15% to a Visitor Center capital grant account which will revert to the general infrastructure account listed above once the visitor center is fully funded.
- 10% to a Visitor Center operations and maintenance account.

Our goals for this initiative are to have a minimal negative impact on local citizens with overall positive outcomes such as: a stronger year-round economy, improved public safety, enhanced community based programs (Arts, Culture, Education, Etc), and sustainably maintained infrastructure (utilities, roads, sidewalks, lighting), as well as, improved visitor services.

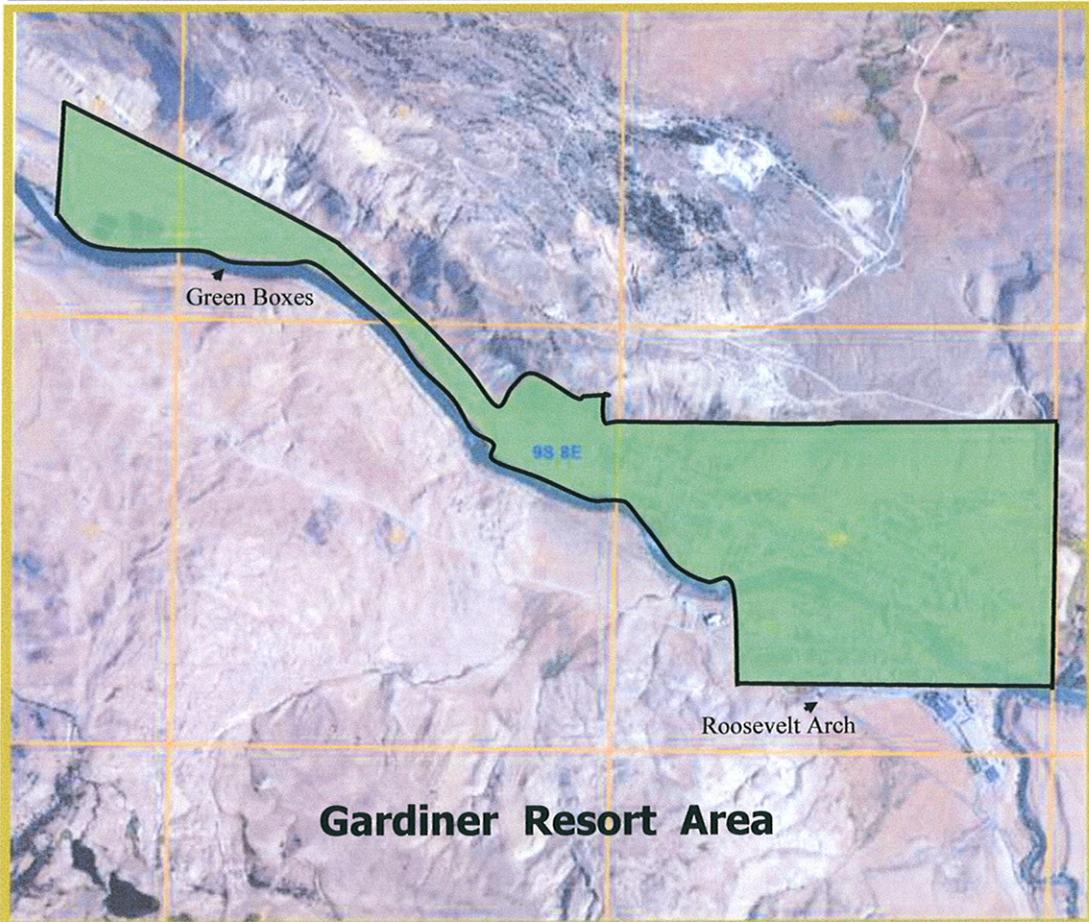
The next steps for moving this initiative to a vote is to submit the petition to the Park County Commissioners Office with signatures of 15% of our registered electors. If this initiative goes to a vote and passes, Gardiner will also then qualify to receive bed tax funds that we are currently collecting but to date, have been ineligible to receive back into the community. The chamber will also pursue the steps to form a locally elected resort tax board of directors.

If you would like to sign the petition or learn more about our initiative please come by the Chamber office to speak with Barbara Shesky, the Executive Director.

# RESORT TAX CONVERSATION

**Cub #3:** Is it snack time yet?

**Mama:** Not yet! I still need to tell you about the Resort tax. Some are concerned about where the money is spent, but the good news is that it must be spent within the Resort Area boundary.



**ORDINANCE NO. 29**

**GARDINER RESORT TAX AREA ADMINISTRATIVE ORDINANCE**

**WHEREAS**, on April 8, 2014, the residents of Gardiner in Park County, Montana, passed a resort tax area;

**WHEREAS**, state law requires that an administrative ordinance provide for the administration of the resort tax area, the collection and reporting of the resort tax area, penalties for failure to report and remit for resort tax area due, penalties for violating this administrative ordinance, and for providing further clarification and specification in the categories of goods and services subject to the resort tax;

**WHEREAS**, a public hearing shall be heard on this ordinance on April 15, 2014, at 9:30 a.m. and May 1, 2014, at 9:30 a.m., at the Park County Commission's office in the City/County Building, 414 East Callender, Livingston, Montana, for the purpose of receiving public comment on this ordinance. Copies of this ordinance are and have been posted and are available for public inspection at the office of the Park County Clerk and Recorder and on the Park County website.

**THEREFORE, BE IT RESOLVED** by the Park County Commission as follows:

**SECTION 1**

**Definitions.**

For the purpose of this ordinance, the following definitions apply and are the same as the definitions set forth in Section 7-1-1501 and Section 7-6-1531, MCA:

A. "*Antique*" includes but is not limited to a relic, object, work of art, piece of furniture, or decorative object represented or marketed as an antique, or sold in an antique shop or other business. An antique, as defined herein, shall be deemed a luxury item and not a necessity of life.

B. "*Area*", "*Resort Area*" or "*Gardiner Resort Area*" mean the area created under Section 7-6-1508, MCA.

C. "*Luxuries*" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved; medicine, medical supplies and services; appliances, hardware supplies and tools, or any necessities of life.

D. "*Medical Supplies*" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

E. "*Medicine*" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

F. "*Sold*" means any transaction that takes place for goods or services between the months of June through September. In addition, Sold means any transaction for goods or services that takes place outside the months of June through September for goods or services to take place during the months of June through September and the transaction is refundable prior to the months of June through September or final payment for the goods and services will occur during the months of June through September. Sold does not mean a final/non-refundable transaction that takes place outside the months of June through September even if the goods and services will occur during the months of June through September.

## SECTION 2

### **Effective Date of Resort Area Tax and Administrative Ordinance.**

The Gardiner Resort Area (Resort Area) tax and this administrative ordinance shall become effective on June 1, 2014.

## SECTION 3

### **Duration of the Resort Area Tax.**

The duration of the Resort Area tax is for twenty years commencing on June 1, 2014, and ending September 30, 2034.

## SECTION 4

### **Rate of the Resort Area Tax.**

The rate of the resort area tax is three percent (3%) of the retail value of all goods and services for lodging, camping facilities, food service, luxuries, and gifts items.

## SECTION 5

### **Imposition of Resort Area Tax.**

Pursuant to the election held on April 8, 2014, the Resort Area tax was imposed on the retail value of all goods and services for lodging, camping, facilities, food service, luxuries, and gifts items sold within the Resort Area in Park County, Montana from June through September of each year.

## SECTION 6

### Collection of Resort Area Tax.

Establishments that sell all goods and services for lodging, camping facilities, food service, luxuries, and gifts items within the Resort Area must collect a Resort Area tax on said luxury goods and services.

## SECTION 7

### Retail Items and Services Subject to Resort Area Tax.

The following items, goods, and services are subject to the resort area tax:

- A. Luxuries;
- B. All goods and services sold within the resort area by the following establishments:
  - 1. Hotels, motels, and other lodging or camping facilities;
  - 2. Restaurants, fast food stores, and other food service establishments;
  - 3. Taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor or other alcoholic beverages by the drink; and
  - 4. Destination ski resorts and other destination recreational facilities.

## SECTION 8

### Items Subject to Tax.

In accordance with Section 7-6-1505, MCA, items include "luxuries" and are further classified and specified to mean:

- A. Clothing items;
- B. Fishing tackle and sporting goods;
- C. Rentals of snowmobiles, all-terrain vehicles, motorcycles, bicycles, skis, ski lessons, ski lift tickets, snow boards, boats, campers, boat motors and all recreational equipment;
- D. Automobile rentals unless exempt under Section 9(Y);
- E. All recreational activities and services on land, water, or in air, including but not limited to fishing trips, hunting trips and other outfitter trips, scenic rides, balloon and other air flights, horseback riding, golfing, tennis, skiing, whitewater rafting, and guided tours if purchased, reserved, committed or occurring within the boundaries of the Resort Area;
- F. All souvenirs, curios, jewelry, antiques, gift and art items, and food gift items prepared and sold as a package or unit;
- G. All beverages, including but not limited to beer, wine, liquor, or other alcoholic beverages sold by the drink;
- H. All entertainment, including but not limited to, tickets, or other admissions to concerts, theaters, movies, shows, plays or sporting event; gaming; and movies, video games, and all related rental equipment;

- I. Massages unless exempt under Section 9(X);
- J. All rental agreements for lodging facilities, unless exempt under Section 9(O);
- K. Fundraising activities, or part thereof, that are substantially commercial in character;
- L. Items not exempt under Section 9; and
- M. Services not exempt under Section 9.

## SECTION 9

### **Tax Exempt Goods and Services.**

The following items and services are not subject to the resort area tax:

- A. Food purchased unprepared or unserved;
- B. Utilities and utility services;
- C. Medical supplies and services and medicine;
- D. Wholesale merchandise for resale at retail or used in the purchaser's business as supplies;
- E. Gasoline and other motor vehicle fuel;
- F. Liquor sold at agency liquor stores or by the bottle;
- G. Propane and other home fuels;
- H. Automobiles and trucks;
- I. Labor and parts for automobile and truck repair;
- J. All non-luxury labor and services, including, but not limited to, services prescribed by a physician;
- K. All business payroll and labor costs;
- L. Lumber, hardware supplies, tools, and other construction related supplies;
- M. Household appliances;
- N. Real estate sales;
- O. All rental agreements when contracted for a period longer than thirty (30) consecutive days;
- P. Catalog sales except to the extent that the luxury item is paid for and the exchange made within the boundaries of the resort area;
- Q. Newspapers;
- R. Office supplies;
- S. Garage sales;
- T. Services provided by non-profit religious organizations;
- U. Toilet paper, personal hygiene products, and diapers;

- V. Industrial, commercial and household strength cleaning materials, including soaps, laundry and dishwashing detergents and disinfectants;
- W. Postage stamps and postal services;
- X. Massages prescribed by a physician; and
- Y. Automobile rental used during emergency repair.

## **SECTION 10**

### **Time or Remittance of Resort Area Tax.**

The Resort Area tax collected must be remitted by October 10<sup>th</sup> of each year or if the last day falls on a Saturday, Sunday, or Holiday, then on the next business day to the Park County Treasurer, 414 East Callender Street, Livingston, MT 59047. Resort Area tax payments made after October 10<sup>th</sup> of each year shall be deemed delinquent and subject to the penalties, interest and late fees described in Section 13.

## **SECTION 11**

### **Remittance of Resort Area Tax to Park County Treasurer.**

The Park County Treasurer is responsible for receiving and accounting for the Resort Area tax receipts.

## **SECTION 12**

### **Enforcement of Collection of Resort Area Tax.**

The Park County Commission shall enforce the collection of the Resort Area tax and oversee the methods and procedures to be used in enforcing the collection of the Resort Area tax within the Resort Area.

## **SECTION 13**

### **Penalties, Interest, Late Fees and Liens.**

A. The following penalties, referrals, or liens may be imposed as authorized by Section 7-6-1505, MCA, for the failure to report resort area taxes due, failure to remit resort taxes due, and violations of this ordinance:

1. A criminal penalty not to exceed a fine of \$1,000 or six months imprisonment, or both;
2. A civil penalty if the resort area prevails in a suit for collection of resort taxes not to exceed fifty percent (50%) of the resort taxes found due, plus the costs and attorney fees incurred by the district in the enforcement action;

3. Upon referral to the Park County Commission, revocation of any county license held by the offender, if applicable; and

4. Upon proper legal procedure, secure and file a lien against the property of the establishment failing to report, collect or remit resort area taxes;

B. Delinquent taxes shall bear interest at the rate of one percent (1%) per calendar month, for the delinquent month (12% per annum). The assessed interest of one percent (1%) per month shall apply after the last day of the month in which the payment is due and to each subsequent month, regardless of when the payment is made.

C. A one time late fee of \$30 shall be assessed for each reporting that is delinquent.

D. Establishments may appeal any assessment of penalty or interest to the Park County Commission, providing that the notice of appeal is made in writing and filed with the Park County Treasurer within thirty (30) days of the serving or mailing of the determination of the amount of penalty and interest due. The Park County Commission shall fix a time place for hearing the appeal and notice shall be personally served upon the establishment by a peace officer. The findings and decision of the Park County Commission shall be final and conclusive. The findings shall be served upon the establishment by certified mail or by service by a peace officer. Any amount found to be due shall be immediately payable upon receipt of the findings and decision.

#### **SECTION 14**

##### **Administration Fee for Each Vendor and Commercial Establishment.**

Pursuant to Section 7-6-1505, MCA, each establishment collecting Resort Area taxes is entitled to withhold the authorized maximum of five percent (5%) of the Resort Area taxes to defray the establishment's costs for the administration of the Resort Area tax collection. The administration fee may be withheld by the establishment at the time of remitting the Resort Area taxes to the Park County Treasurer. The establishment must provide an accounting of the amount it withheld when it remits its Resort Area tax to the Park County Treasurer.

#### **SECTION 15**

##### **Reporting Forms for Resort Area Tax - Confidentiality.**

A. The Park County Treasurer shall provide each establishment in the Resort Area responsible for collecting the Resort Area tax with the proper forms for reporting and accounting for the Resort Area taxes collected upon notification from the Gardiner Chamber of Commerce, the establishment, or other reputable source of the existence of the establishment in the Resort Area.

B. The records and forms submitted to the Park County Treasurer by the establishments shall be confidential and not open to public inspection unless so ordered by the Park County Commission pursuant to Article II, Sections 9 and 10, of the Montana State Constitution or a court of competent jurisdiction.

## SECTION 16

### **Audits.**

Under the direction of the Park County Commission and/or the Park County Treasurer, audits may be conducted of establishments collecting and receiving the Resort Area tax. All establishments and recipients must cooperate in the conduct of said audits. Failure to cooperate with an audit shall constitute a violation of this ordinance.

## SECTION 17

### **Maintenance of Records by Establishments.**

Each establishment required to collect and remit Resort Area taxes to the Park County Treasurer shall keep and maintain, for a period of not less than five (5) years, all records necessary to determine the verity of the taxes collected and remitted. Such records shall be made available for audits and inspections at all reasonable times.\*Such records include, but are not limited to, books, ledgers, registers; original records necessary to document gross receipts of the establishment; specific documentation of exempt sales; correct copies of state and federal income tax returns, schedules and forms.

## SECTION 18

### **Appropriation, Expenditure and Purpose of Resort Area Tax.**

A. The revenue derived from the imposition of the Resort Area tax will be appropriated by the Park County Commission and expended for:

1. 5% to property tax relief.
2. 5% to rebate fees that appear on the property tax bill; an equal amount per taxpayer.
3. 5% to a Community Services and Cultural grant account.
4. 5% to fund the operational expenses of the tax.
5. 50% to an infrastructure, and community development grant account including, but not limited to; grants funding emergency services, major transportation improvements or maintenance, water and sewer work, energy efficiency and renewable investment in existing or future public facilities and other local projects as identified.
6. 15% to a Visitor Center capital grant account which will revert to the general infrastructure account listed above once the visitor center is fully funded.
7. 10% to a Visitor Center operations and maintenance account.
8. 5% to the merchant as a collection fee.

B. The two five percent (5%) for property tax relief and the five percent (5%) for operational expenses of the tax shall be set aside and separated from the Resort Area tax receipts in subaccounts.

C. Beginning in 2014, and for the next twenty (20) years, receipts from the Resort Area tax will be applied to reduce real property taxes in the resort area for the assessed fiscal year in an amount equal to five percent (5%) and five percent (5%) to rebate fees that appear on the property tax bill, an equal amount per taxpayer, of the Resort Area tax revenues derived during the preceding fiscal year.

D. Resort area receipts shall also be used for reimbursement or payment for any litigation of the resort area tax.

#### **SECTION 19**

##### **Resort Area Board of Advisors.**

The Park County Commission may create a five member Resort Area Advisory Board to advise and make recommendations to the Park County Commission on the purposes to be funded with resort area tax revenue and other matters related to the collection and administration of the Resort Area tax. The Park County Commission shall appoint the five members on a yearly basis. The Advisory Board shall hold a meeting and take public comment prior to making any recommendations to the Park County Commission.

#### **SECTION 20**

##### **Severability.**

If any provision of this Ordinance or the application to any person or circumstance is held invalid, such invalidity shall not affect the other provision of this ordinance which may be given effect without the invalid provision or application and, to this end, the provisions of this ordinance are declared to be severable.

#### **SECTION 21**

##### **Amendment of Ordinance.**

Except for Sections 2, 3, 4, 5, 6, and 18 of this Ordinance, said administrative ordinance may be amended at any time as may be necessary to effectively administer the resort area tax and must include the requirements of Section 7-6-1505, MCA.

#### **SECTION 22**

##### **Map of Resort Area.**

A map and legal description of the Gardiner Resort Area as approved by the election on April 8, 2014, is attached to this ordinance for reference.

**BE IT FURTHER RESOLVED THAT** the Park County Clerk and Recorder shall post a copy of this ordinance and shall make copies available to the public upon the first Reading and

Approval of this ordinance. In addition, a copy of this Ordinance shall be posted on the Park County website.

**BE IT FURTHER RESOLVED THAT** this resolution be entered upon the minutes of the Park County Commission.

1<sup>st</sup> Reading and Approval : April 15, 2014.

PARK COUNTY COMMISSION

Clint Tinsley  
CLINT TINSLEY, Chair

James R. Durgan  
JAMES R. DURGAN

absent  
MARTY MALONE

ATTEST:

Denise Nelson  
DENISE NELSON  
Park County Clerk & Recorder

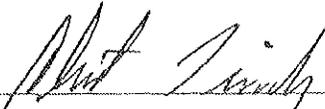


APPROVED AS TO FORM:

Shannan M. Piccolo  
Shannan M. Piccolo  
Deputy Park County Attorney

2<sup>nd</sup> Reading and Approval: May 1<sup>st</sup>, 2014.

PARK COUNTY COMMISSION

  
CLINT TINSLEY, Chair

  
JAMES R. DURGAN

  
MARTY MALONE



  
DENISE NELSON  
Park County Clerk & Record

APPROVED AS TO FORM:

  
Shannan M. Piccolo  
Deputy Park County Attorney



**Red Lodge**

# Business owners see red over Resort Tax Revision

Published: Wed, 11/13/2013 - 6:35pm | Section:



Photo by Eleanor Guerrero - Shoppers enjoy a day in Red Lodge.

By

[By Alastair Baker News Editor](#)

The ever-confusing issue of the Resort Tax came to the surface again prior to the Red Lodge City Council meeting, Nov. 12, when a proposed Resort Tax Ordinance Revision was put to the sword by 40 plus frustrated store owners and employees. Members of the Resort Tax Committee who were present were puzzled why so few of their recommendations had been added to the Revision. The puzzlement and the frustration were so evident that the Council canceled the 1st reading for another date. Jeff Schmidt, Red Lodge Mountain, was on the Resort Tax Committee, and told the council he looked at Ordinance (Revision) 901 and saw “a lot of things we never talked about.” “We never talked about clothing and pet food,” he said, yet they were on the list as taxable luxury items. To further reiterate the confusion of the Ordinance he pointed out that under golf courses it lists movies and live theatre and rodeo. “The format makes no sense to me. I recommend the whole thing be revisited,” said Schmidt. “Where did clothing come from?” said Doug Bailey. “Does anyone know?” It still remained a mystery at the meeting’s end. Rod Bastian, Beartooth Market, said that one thing that was obvious was the two committees didn’t meet and “came to very different conclusions.” A point reiterated earlier by Corey Thompson who said this problem “might have been defused, if the Resort Tax Admin Committee had met with the Resort Tax Committee” so they could explain their rationale to each other. Gary Robson, Red Lodge Books and Tea, served on the Resort Tax Committee for five years, said he hoped to see “clarity, simplicity and consistency” from the Ordinance. “It is frustrating dealing with two different lists, taxed and not taxed and then having to say what about puzzles or games not on either list, or flags, calendars, purses.” He also warned of people shopping away from town if the City keeps taxing the basic necessities of life. Bastian also felt that the City needs to

“be very careful not to add to the perception that everything is cheaper in Billings and everything is taxed in Red Lodge.” He recalled that when the Resort Tax was created in 1997 it was to be a “new revenue source for infrastructure, and take the burden off residents and provide property tax relief.” “The original ordinance was drafted from West Yellowstone’s ordinance. They are not a viable local economy; they are a tourist town. They are more successful with their Resort Tax because of the volume of tourists and they tax everything. But their businesses are seasonal, and employment not available year round,” he said. Tamara Upton chipped in and wanted to know where the Resort Tax money went. “Show us in some more physical form when our tires get blown out by pot holes all over town,” she said. Susan Foisey, a volunteer cashier at Kids Corner, said that Ordinance 901 incorporates almost none of the committee’s recommendations. “Even worse, the proposed Ordinance introduces far more confusion regarding which items should be taxed by including lengthy lists of exempt and non-exempt items using language from the Resort Tax of the City of Whitefish. These lists are poorly organized and redundant,” she said. Polly Richter, also on the Resort Tax Committee, was confused as the Committee reviewed Ordinance 879 but noticed a reference to Ord. 95-15, 12-18-1995, from Whitefish. “So I don’t know which Ordinance you reviewed. We were tasked to review Ordinance 879,” she said. Beth Steen, Village Shoppe, also queried how Ordinance 879 became 901. Amber Enos, owner of Sagebrush Sirens, complained about taxing on-line sales. “You cannot tax anyone say from Boston ordering from Red Lodge. I can’t double tax them; they’re already taxed in the state they live in. I don’t want to raise our rates. Don’t penalize stores that have stayed open through the construction and kept a smiling face through the whole debacle, and through the (Beartooth) Pass closing two weeks early. We’ve been hit hard enough. We can’t afford to be taxed any more on our items,” she said. Perhaps the most scathing comments came from Sam Hoffman, Sam’s Tap Room, who suggested that if the City wanted more money, perhaps they should cut some posts. “A quick Google search suggests that most communities in the US with 1,725 have 5.6 police officers, we’ve got 7 here. Do we need them? Seems a lot of them spend their time writing tickets for petty traffic violations like parking too close to the corner or too far away from the curb. We have almost no new development here and we have two city planners. Do we really need that?” said Hoffman. “It makes me shake my head at the stuff coming from the City. It seems constantly trying to make it hard to live and work in this town, and own a business in this town. Last year I paid \$15,500 in Resort tax, my business property is almost \$14,000. My 900 sq foot home has taxes that are 72 percent higher than 10 years ago. My water rates are 26 percent higher,” he said. “This is a tough town to make it and to heap on more taxes... According to the Montana Code, 76-1503, the tax is supposed to be strictly on luxury items and how is clothing is a luxury item? You’ll either freeze to death or the cops will tazer you for walking down the street. It just doesn’t make any sense. You’re sucking the dollars out of Red Lodge.” Acutely summing up the shopper’s dilemma was Wayne Stevenson, who was “surprised by the ordinance.” “I bought this shirt, this vest and pants at Beth’s Village Shoppe and was shocked to learn these beat up jeans are now considered a luxury item. It doesn’t make any sense. I also learned I can buy an iPod in Red Lodge and it is not considered a luxury item and I can download a book and read it on this iPod. But if I go to Gary’s store and buy a book and hold it in my hands that becomes a luxury item,” said Stevenson. With further revisions being made to the revision, a new version should be available this week. Council member, and mayor elect, Ed Williams offered to hand deliver the new revision to every store.

**St. Regis**

## St. Regis Resort Tax

1. What year did St. Regis get designated as a resort area?

*1993*

2. What is the duration of the resort tax? How many years did they sign up for?

*20 years terms, but has already been renewed for an additional 20 years.*

3. What is the current expiration date of the resort tax?

*2033*

4. What months of the year does the resort tax apply? Or is it always in effect?

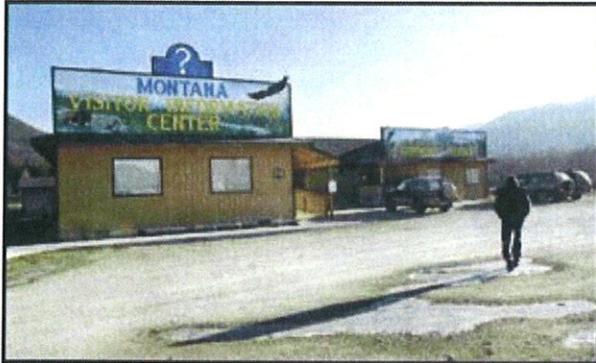
*All months*

5. Do you have the approximate revenue from last year?

*\$180,000*



## New St. Regis community center offers a cool time for all the gang



DECEMBER 31, 2004 12:00 AM • ROB CHANEY OF THE MISSOULIAN

ST. REGIS - If Halloween was any indication, New Year's Eve in the nearly finished community center in St. Regis should be the region's Party Central.

"We had 150 kids and their families come for the Halloween party," said St. Regis Community Council President Jeff Noonan as he toured the building earlier this week.

"We should have at least that many Friday night. They come from Saltese, De Borgia, all the little towns in the school district are part of the community."

And thanks to the efforts of dozens of volunteers and donations, St. Regis has a big space to welcome them. Just behind the fire hall, about a quarter-mile up from the Interstate 90 exit, the community center shares space on Highway 135 with the town's new visitor information center.

The building was finished enough for indoor use about a year and a half ago. By this spring, final touches on the kitchen, landscaping and painting should be in place. But the space has already become an anchor of local activity.

"There's something going on probably two times a week," Noonan said. In addition to official meetings of the Mineral County Planning Board and the St. Regis Resort Tax Board, people are reserving the hall for family reunions, birthday parties and other gatherings.

Last October's Halloween party featured a haunted house, movies and "Trick or Trunk" in the parking lot.

"After we were done inside, all the kids came out and went from car to car," Noonan said. "People handed out treats from their trunks."

A framed document on the wall states that the St. Regis Community Council was officially recognized by the state in 1950. As the unincorporated town of about 700 people has looked for ways to remain self-sufficient, the idea of assisting travelers on the highway has become more important.

"You don't see this place without at least a couple of RVs out front all summer," said Kathy Schober, who runs the visitor center. "We had about 8,000 people stop last year."

About 75 percent of them are coming over Lookout Pass (from Washington and Idaho). We get a lot from Kalispell too."

The Interstate 90-Highway 135 intersection has become a major bypass for traffic heading north to Flathead Lake and Glacier National Park without going through Missoula, Schober said.

"The council used to meet in an industrial work trailer, then another building prior to that," said council member Ida Alexander. She and former council president Bill Milligan put the community center project together and helped organize work crews for two years to get it built.

Much of the local funds came from the annual St. Regis Memorial Day flea market. That event brought in about \$15,000 to \$20,000 a year, most of which has recently gone to the building fund. The St. Regis Resort Tax Board and the Travel Montana office provided some grant funding as well.

In all, the project will cost about \$300,000, with nearly 40 percent of the total coming from donations of supplies or labor. The St. Regis Community Bible Church donated some pews for seating, while Jasper's Restaurant is sending over a salad bar for the kitchen.

Noonan said many residents volunteered time - and their cement equipment or earth-movers - to get the heavy work done.

The Community Council initially considered charging \$100 per day for using the hall. But this August, it switched to a no-charge rate for nonprofit community events. Only for-profit activities like craft shows and dances now have to pay rent.

"The most impressive thing about this hall is that everybody got together and worked on it," Noonan said. "Word-of-mouth is getting out, and more and more people are using it. I think we made more money on donations than we ever did with rent."

Reporter Rob Chaney can be reached at 523-5382 or at [rchaney@missoulian.com](mailto:rchaney@missoulian.com)

Feb 17, 2012 1:29 PM by KPAX/KAJ Media Center

## Wraps coming off new St. Regis clinic

SUPERIOR- A new and improved health clinic is set to open its doors later this month in St. Regis.

Mineral Community Hospital is planning a ribbon cutting ceremony and folks will be able to tour the facility and also get free blood pressure testing and diabetes screenings, including blood glucose and A1c tests until 2 p.m. on Monday, February 27th.

Hospital officials point out that the clinic was built by local contractor Reed Mountain Construction who used many local vendors and craftsmen on the project, providing a boost to the area's struggling economy.

The clinic is located on Montana Highway 135 in St. Regis and beginning on March 5th it will be open on Monday and Wednesday from 8:30 a.m. to Noon and 1 p.m. to 4:30 p.m. It'll also be open on Thursdays from 8:30 a.m. to noon to focus on women's health issues and will also take patients from 1 p.m. until 4:30 p.m. on Fridays. Appointments are available by calling (406) 822.4278.

**Financial help from the resort tax**, the Human Resource Council, a generous donation of the land by Grant Lincoln, and a zero-interest loan from Blackfoot Telecommunications through the U.S. Department of Agriculture Rural Development allowed the clinic to be built.

"The Rural Economic Development program we administer through our partner cooperatives like Blackfoot Telecommunications provides direct investment in necessary community infrastructure," said Matthew Jones, Montana State Director for USDA Rural Development.

"Investing in our rural medical facilities brings better services to our sparsely populated areas, and that's what we at USDA Rural Development seek to provide: Investment in our rural Montana communities. We're proud to be a part of this great project."

**Virginia City**

## Virginia City Resort Tax Questionnaire

*This questionnaire is meant to assist the City of Polson in assessing how your community structured and successfully implemented a resort tax in your area.*

*As a Montana community looking to implement a resort tax similar to the program developed by your community, your feedback from experience through this process is extremely beneficial in assisting the City of Polson.*

*Any information you can provide regarding your experiences will help one more Montana resort area / community receive funding resources to manage the wear and tear on local infrastructure without overburdening local citizens.*

*Please feel free to contact me at the information listed below should you have any questions or concerns. We thank you for your assistance!*

- 1. Who were the key community members (types of positions, titles, organization and/or agency affiliations) that were involved in initiating the resort tax and gaining voter approval to final implementation?**  
*City Council that initiated tax in 1983. Voter approval rate was close. Mis-information made businesses oppose. Businesses thought they would have to charge a tax to benefit the city, while not getting paid for their time to process it. Gained approval when educated about .5% to administer. Public meetings used as education.*
- 2. What kind of time period did it take to initiate the tax levy, work through the public approval process and then to finally implement the resort tax in your area?** *1983 council, and got approved in 91. Took Time.*
- 3. What positive impacts (programs and/or projects funded through tax revenue) has your community gained from the implementation of the resort area tax?**  
*Built new firehall. Went from 1 stall to 3 stalls and more equipment . City funds fire district increase with resort tax.  
Bathrooms in community center. New roof on community center. 1/3 of budget for city. Council has budget hearings and decides how to spend money.*

- 4. What difficulties did your community experience during the public approval process? If faced with obstacles, what measures were implemented to deal with and overcome the issues?**
  
- 5. Were there any significant merchant/vendor issues that occurred during set-up and initial reporting? If any, how were they addressed?** *None*
  
- 6. How has community support evolved with the implementation of the resort tax? Do you look for formal feedback from your community to measure support?**  
*Passed tax for another 20 years. City votes for re-issue. High majority approval for recent re-issue.*
  
- 7. Since implementation of the tax, have there been any problems related to local government agency administration?**  
*Turnover from clerks (administrative assistants) cause pay scale.*
  
- 8. Does your community have an expenditure plan for the tax levies? If so, what is your community's expenditure plan regarding proceeds from the tax levies? For example, what percent of your annual resort tax goes to:**

**Public hearings.**

  - a. Street Improvements?**
  - b. Wastewater/Water System improvements?**
  - c. Public Transportation?**

- d. Health and Safety Services?
- e. Library/Museum?
- f. Tax Relief Programs?
- g. Tourism Development, Marketing, Promotion?
- h. Parks and Trails?
- i. Police Services?
- j. Fire Services?
- k. Others? (please list if possible)

*City council meets with annual budget and decides how to best spend the money.*

- 9. Since implementing the resort tax, would your community ever consider abolishing it? If so, for what reasons? Is renewal assumed? Doesn't think they would abolish it.**

- 10. Does your community monitor or measure visitors rates currently, compared to before the resort tax was implemented?**

*MHC Montana heritage commission monitors tourist rate. City does not monitor. Resort Tax gets compared to MHC.*

- 11. How does your community facilitate and manage the resort tax? What community members are responsible for budgeting and managing the program?**

*Businesses fill out form monthly (6 months april – oct) and submit funds to city.*

*By Bob Erdall, Virginia City Mayor*

*6/17/14*



## Local option taxes a boon for cities, resort towns say

MARCH 08, 2001 12:00 AM • ERICKA SCHENCK SMITH MISSOULIAN STATE BUREAU

HELENA - As a Senate subcommittee polishes a proposal to allow local governments to enact voter-approved sales taxes on luxury items and services, community leaders in several small tourist towns that already have such a tax say their towns are better for it.

"Definitely, for small towns, it's indispensable," Virginia City Clerk and Treasurer Jerry Fox said.

Virginia City is one of six tourism-dependent towns and unincorporated communities that have adopted "resort taxes," sales taxes on luxuries that are intended to mainly target tourists. To qualify for the tax, an incorporated town must have a population of 5,500 or less, and an unincorporated area must have a population less than 2,500. The tax is capped at 3 percent.

The proposal under consideration in the Senate is based on the resort tax, with a few adjustments. Like the resort tax, it requires voter approval and can only be used to tax luxuries. It would be capped at 4 percent.

In Virginia City, the resort tax brings in about \$60,000 a year. For a town of 160 with annual property tax collections of \$14,000, that's big money, Fox said - especially considering the town collects the tax only six months out of the year.

"We've put it to uses that we would not have been able to afford had we not had the resort tax," he said. "At this point, we couldn't be without it."

Much of the money has been used to build a new fire hall and buy firefighting equipment, but the town also used the money to buy its first snowplow this year. Some money has also paid for museum and library grants, and state law mandates that 5 percent of it go toward property tax relief.

Sen. Bill Glaser, R-Huntley, a member of the subcommittee studying the local-option tax and the sponsor of one of two bills being combined for the proposal, said Tuesday that local-option taxes aren't new to the Montana Legislature. But he said a requirement that 10 percent of the collections go toward property tax relief might be the ticket for this year's proposal.

In Virginia City, Fox said, each property owner sees a \$2 or \$3 a year reduction in property tax because of the resort tax. "It's so insignificant," he said.

But Whitefish Sen. Bob DePratu, also a member of the subcommittee, said the property tax reduction has "turned out to be one of the most positive things" about that town's resort tax. Whitefish, with a population of about 4,500 and a 2 percent resort tax, was expected to bring in almost \$1 million in resort taxes last year.

While property tax relief may have drawn some voters to approve the resort tax, community leaders say the biggest benefit has been infrastructure improvements.

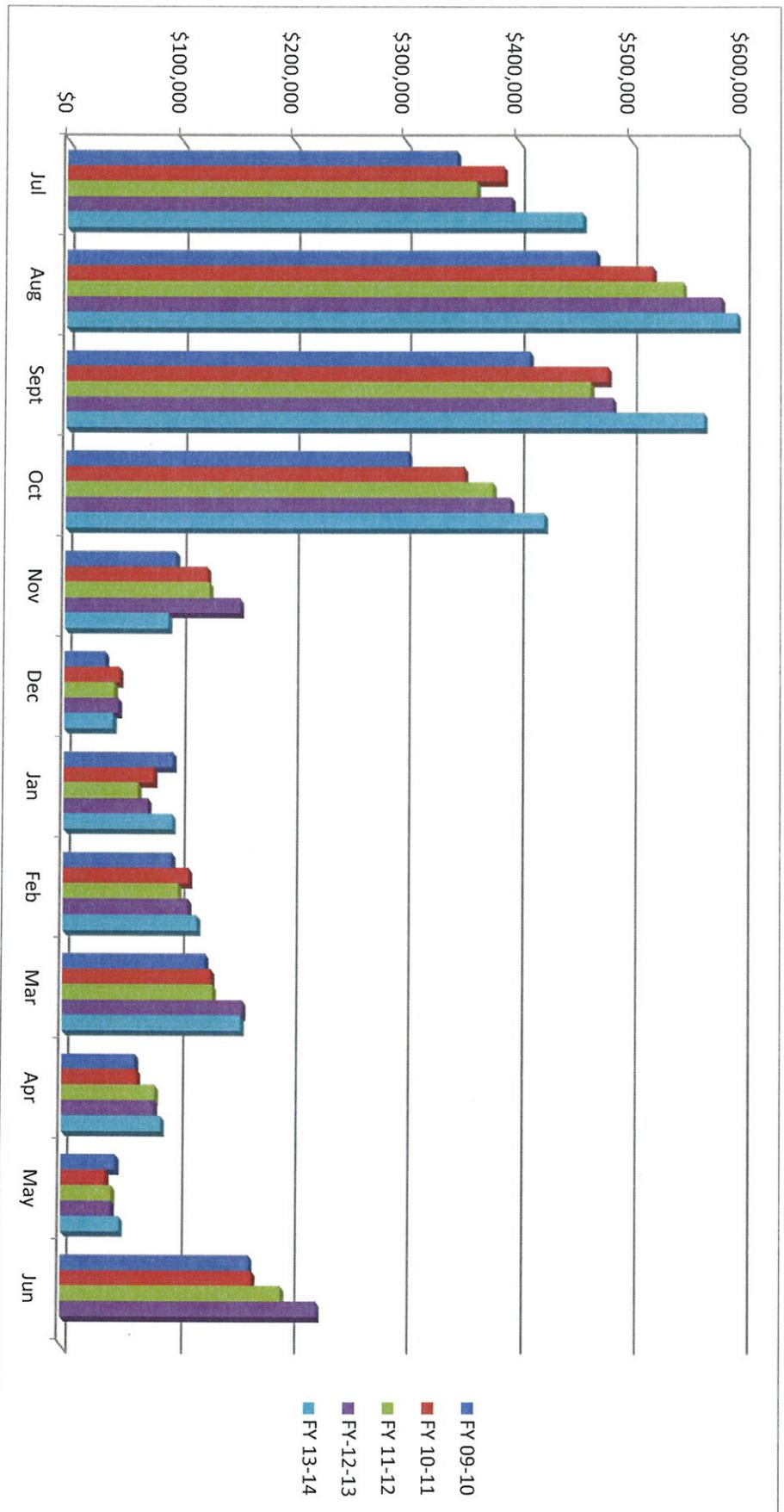
In Big Sky, an unincorporated ski-resort community, a 3 percent tax brings in about \$1.5 million a year - and funds the water and sewer district, fire protection, police, an extra sheriff's deputy and public transportation.

West Yellowstone operations manager Fred Rice said because of the resort tax, his town is staffed and equipped at a level almost unheard of for small towns in Montana. But West Yellowstone can collect \$2 million a year in resort taxes only because of its unique situation as the gateway for 1.5 million Yellowstone National Park visitors each year, he cautioned.

## **West Yellowstone**

## Resort Tax Collections for the Town of West Yellowstone Fiscal Years 2010-2014, Collections by Month

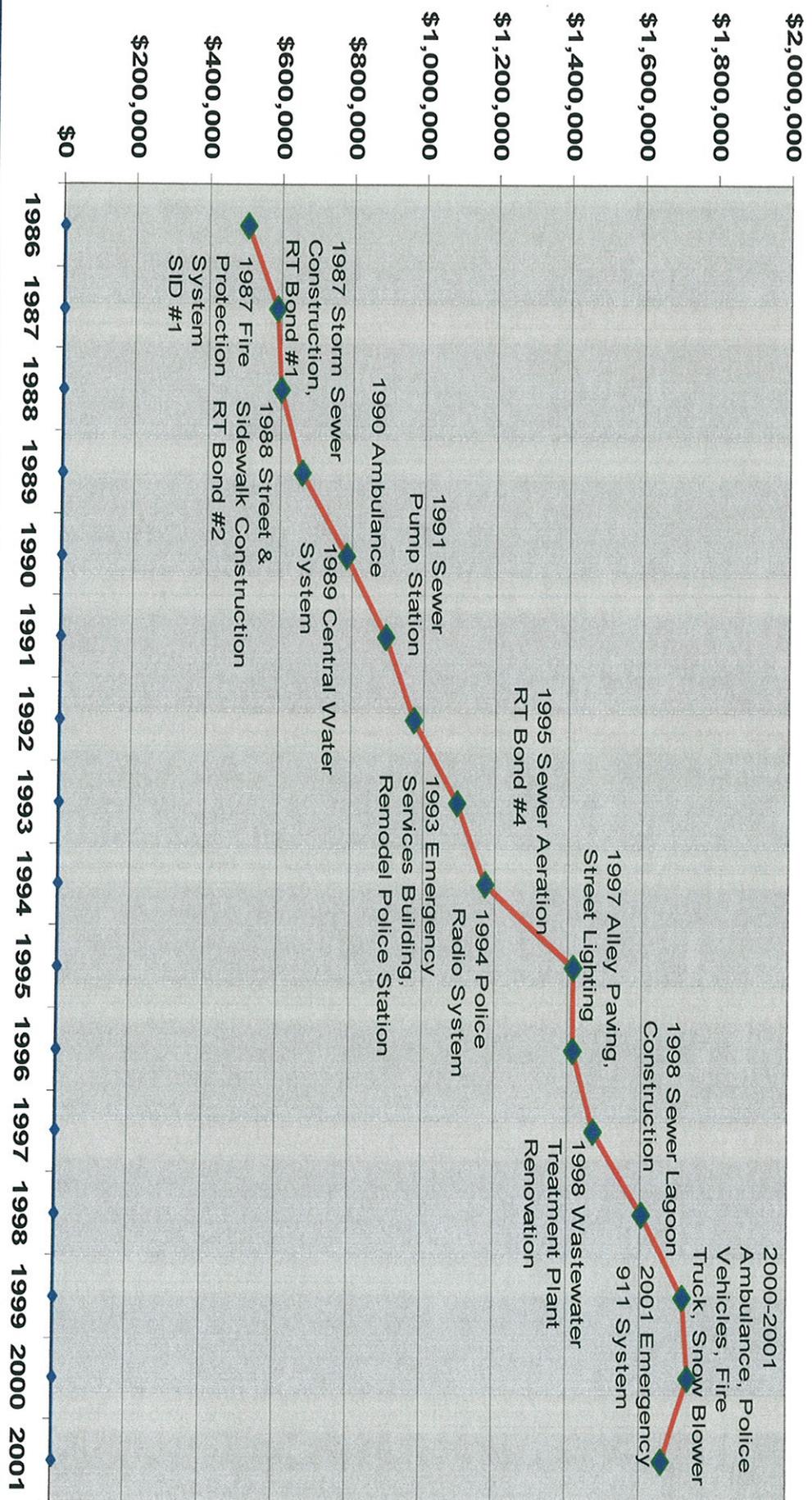
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	FY % Change *
FY 09-10	\$346,707	\$469,913	\$411,066	\$304,192	\$97,105	\$35,751	\$95,403	\$94,731	\$124,675	\$63,878	\$47,303	\$164,754	\$2,255,478	-1.04 %
FY 10-11	\$388,032	\$520,203	\$480,276	\$353,840	\$124,853	\$48,255	\$78,543	\$109,680	\$129,678	\$65,566	\$38,601	\$167,264	\$2,504,791	11.05 %
FY 11-12	\$364,177	\$547,432	\$464,713	\$378,814	\$126,943	\$43,533	\$65,044	\$100,392	\$131,325	\$81,073	\$43,883	\$193,092	\$2,540,421	1.42 %
FY-12-13	\$394,959	\$581,421	\$484,531	\$394,594	\$154,195	\$47,401	\$73,622	\$109,121	\$157,783	\$80,524	\$43,624	\$224,910	\$2,746,685	8.12 %
FY 13-14	\$457,499	\$595,418	\$566,122	\$424,003	\$90,485	\$42,632	\$94,876	\$116,989	\$156,166	\$86,494	\$50,784			6.33 %



Figures represent resort tax revenue in the month it was collected by the Town, but was typically generated in the previous month. It may also include penalties and late payments. Effective June 2007, the Town is collecting an additional 2.5% of the tax for the Marketing and Promotions Fund.

\* FY Change % represents the increase or decrease in collections as compared to the same time period of the previous fiscal year

# Annual Collections



# **Whitefish**

## Resort Tax Questionnaire

*This questionnaire is meant to assist the City of Polson in assessing how your community structured and successfully implemented a resort tax in your area.*

*As a Montana community looking to implement a resort tax similar to the program developed by your community, your feedback from experience through this process is extremely beneficial in assisting the City of Polson.*

*Any information you can provide regarding your experiences will help one more Montana resort area / community receive funding resources to manage the wear and tear on local infrastructure without overburdening local citizens.*

*Please feel free to contact me at the information listed below should you have any questions or concerns. We thank you for your assistance!*

1. Who were the key community members (types of positions, titles, organization and/or agency affiliations) that were involved in initiating the resort tax and gaining voter approval to final implementation?

**Lin Akey, Bank President**

**Jack Fletcher, citizen**

**Andy Feury, City Council member and then Mayor at the time**

**Gary Marks, City Manager at the time**

**Doug Rommerreim, tavern owner**

**Gary Stephens, Retail business owner**

**Charlie Abell, Credit Union President**

**Kay Beller – City Clerk at the time**

**Jim Welsh – Mayor for part of the time**

2. What kind of time period did it take to initiate the tax levy, work through the public approval process and then to finally implement the resort tax in your area?

**Spring of 1995 until November, 1995**

3. What positive impacts (programs and/or projects funded through tax revenue) has your community gained from the implementation of the resort area tax?

**Our Resort Tax is allocated as follows:**

- A. Property tax reduction for taxpayers residing in the city in an amount equal to twenty five percent (25%) of the resort tax revenues derived during the preceding fiscal year;
- B. Provision for the repair and improvement of existing streets, storm sewers, all underground utilities, sidewalks, curbs and gutters, in an amount equal to sixty five percent (65%) of resort tax revenues derived during the preceding fiscal year;
- C. Bicycle paths and other park capital improvements in an amount equal to five percent (5%) of the resort tax revenues derived during the preceding fiscal year;
- D. Cost of administering the resort tax in an amount equal to five percent (5%) per year.

At the time, in 1995, our roads were in terrible shape because of clay soils, freeze/thaw cycles, and poor structure. The voters were very supportive of passing the Resort Tax and having tourists help repair the roads that they use. We have done many, many road projects since 1996. We have also done some trails and parks projects as well. The November, 1995 vote passed 56%-44%. A 2004 vote to extend the sunset of the tax further into the future passed 76%-24%.

4. What difficulties did your community experience during the public approval process? If faced with obstacles, what measures were implemented to deal with and overcome the issues?

I was not here during the passage. I think some of the issues were:

- a. Another tax
- b. Need for a sunset provision
- c. Would the tax ever be raised above 2%
- d. Would tourists and locals evade the tax on purpose and drive shopping to other cities, especially Kalispell.

We included a sunset provision in the vote.

5. Were there any significant merchant/vendor issues that occurred during set-up and initial reporting? If any, how were they addressed?

**A committee of citizens, city officials, and business owners worked through the process of what would be taxed and what would be exempt. There was the need for a lot of education of businesses.**

6. How has community support evolved with the implementation of the resort tax? Do you look for formal feedback from your community to measure support?

**See above vote for reauthorization/extension. It is very popular. The property owners specifically see a credit on their tax bill of 31 mills of property tax relief and they like to see a big credit.**

7. Since implementation of the tax, have there been any problems related to local government agency administration?

**Our ordinance empowers the City Manager to promulgate interpretations of what is taxable and exempt where interpretation of the City Code is needed. That is not so much of a problem, but it does require research. It helps that I was Town Manager of a town in Colorado where we self-collected a general 4.5% sales tax.**

**Delinquency collection is also time consuming, but we issue citations into Municipal Court if we can't collect otherwise.**

8. Does your community have an expenditure plan for the tax levies? If so, what is your community's expenditure plan regarding proceeds from the tax levies? For example, what percent of your annual resort tax goes to:

**See above**

- a. Street Improvements?
- b. Wastewater/Water System improvements?
- c. Public Transportation?
- d. Health and Safety Services?
- e. Library/Museum?
- f. Tax Relief Programs?
- g. Tourism Development, Marketing, Promotion?
- h. Parks and Trails?
- i. Police Services?

- j. Fire Services?
- k. Others? (please list if possible)

9. Since implementing the resort tax, would your community ever consider abolishing it? If so, for what reasons? Is renewal assumed?

**Renewal isn't assumed, but the last 76% passage and the popularity of it gives us some comfort that it will continue to be extended into the future.**

10. Does your community monitor or measure visitors rates currently, compared to before the resort tax was implemented?

**We use the tax collections as the best measure. Other measures come from the State Tourism Bureau, the local Convention and Visitor's Bureau, and the University of Montana Institute for Travel and Tourism.**

11. How does your community facilitate and manage the resort tax? What community members are responsible for budgeting and managing the program?

**We have an advisory and monitoring committee that meets monthly. They help recommend a budget, but the City Council enacts the budget.**

**Contact Information:**

Kristen Galbraith  
Project Support Staff  
406-222-6555  
kristen@nittanygrantworks.com

# Raiding Resort Tax Funds

## Biggest Resort Tax Project Ever

BY MYERS REECE // MAR 12, 2008 // COMMUNITY, NEWS & FEATURES, WHITEFISH



Though Montanans are famously wary of a sales tax, across the state communities are finding alternative ways to allocate and use tourist-based dollars, whether through resort taxes or tourism business improvement districts.

Perhaps the most stunning single example of how much influence tourism money can have on a town's infrastructure is a proposed \$10.8 million downtown improvements project in Whitefish that would essentially change the face of the city's core. Part of the sweeping project is a \$5.2 million plan to make downtown more pedestrian-friendly and attractive that will be funded, if passed by city council as proposed, entirely by resort tax money. The other part is a three-level, \$5.6 million parking garage funded by tax increment finance (TIF) dollars.

Whitefish City Manager Gary Marks said the city council, which should vote on the project's conceptual design plans at one of its upcoming meetings if not the next, has a lot to mull over, considering the scope of the rebuild and the opposition from the city's resort tax committee. By all available accounts, it's the largest resort-tax funded project in the state's history.

"This is one of those marquee locations from a historical point of view that defines Whitefish," Marks said. "The decision (councilors) make will in some ways affect our future for a long time. You get one shot at it and you want to get it right."

Of the seven incorporated towns or designated areas in Montana that have resort taxes, Whitefish ranks third in annual collections behind West Yellowstone and the Big Sky

Resort area. Under state law, districts with resort taxes – also known as local-option taxes – are divided into two categories: communities and areas. Resort communities are incorporated towns with populations less than 5,500 and resort areas are unincorporated entities with fewer than 2,500 people. Places that exceed those population limits aren't allowed to put resort tax proposals on any ballots.

Montana's resort tax communities are Whitefish, Red Lodge, Virginia City and West Yellowstone. The resort areas are St. Regis and Big Sky, with Seeley Lake trying to join the club. Seeley Lake recently was granted a "resort area" designation.

They all have 3 percent taxes – the maximum – except for Whitefish, which has a 2 percent tax. That means that qualifying businesses, such as restaurants, hotels and tourist-oriented retail stores, give local governing bodies 3 or 2 percent of their gross monthly sales. Though locals take on part of the tax load year-round, tourists are the backbone of resort taxes, as evidenced in sharp collection increases in the summer.

The fundamental idea behind resort taxes is to allow places that get a lot of tourism to pay for the wear-and-tear on local infrastructure. But as Whitefish is proving, resort tax money can be used for substantially larger projects than basic wear-and-tear rebuilds.

Members of Whitefish's resort tax committee, which recommends to the city council how best to appropriate resort tax money, have expressed concerns about the street project. Chairman Doug Reed and Jack Fletcher, who recently resigned from the committee because of a disagreement over the project's funding, both say it's a bad idea to ignore all street work, including in residential neighborhoods, for the sake of one single project. The committee unanimously passed a motion that agreed to resort taxes funding \$3 million of the plan, but not the full \$5.2 million.

"My concern is that it's going to take about five years of resort tax money to pay for that," Fletcher said. "I don't think that's proper because I think we should be doing some work in the neighborhoods during that time period. We're tying up all that money in the downtown area."

John Wilson, the city's public works director, said the original cost estimate was \$3 million, which the committee approved. But, like with what happened to the Going-to-the-Sun Road restoration, the price tag increased because of rising construction costs, Wilson said.

If the project is approved, building is expected to begin in 2009 and last through 2012. Wilson said construction would be divided into a spring season and a fall season because the city doesn't want construction happening during the prime summer months of July and August. The street project's goal, primarily focused on Central Avenue, is to make downtown more pedestrian-friendly and attractive by widening sidewalks, adding landscaping, benches, decorative streetlights, raised crosswalks and other features.

For small Montana towns where tourism significantly contributes to the economy, resort tax revenue is vital. The most surprising of the resort tax beneficiaries in Montana is St. Regis. The tiny unincorporated town off of Interstate 90 west of Missoula isn't

generally thought of as a primary tourist destination, but the town successfully argued to the state years ago that, as a tourist stop-off next to the interstate, it relies on tourist dollars.

Mineral County Commissioner Judy Stang, who has held office for 18 years, said resort taxes have spurred dramatic improvements in St. Regis. Each year \$69,000 of the taxes goes to maintaining the city sewer system, which didn't exist before resort taxes.

"There's just no way for these little towns to raise money and the counties can't give it to them," she said.

Virginia City, with its roughly 150 year-round residents, collects more money from resort taxes than it does from property taxes, according to Karlee Smith of the Montana Heritage Commission. West Yellowstone, the first town to adopt a resort tax, has maintained and improved much of its infrastructure through resort taxes for two decades. Red Lodge collected more than \$600,000 last year.

But it's not only small towns that want a piece of the resort tax pie. At the 2007 Legislature, officials from Montana's biggest cities, including Billings and Missoula, voiced their support for a bill introduced by Sen. Kim Gillan, D-Billings, that would have eliminated population restrictions in the resort tax law. Rep. Mike Jopek, D-Whitefish, supported the bill, which failed.

"Infrastructure needs to be addressed, and it seems like a tool that's been working," Jopek said.

Without resort taxes, bigger towns and cities across Montana are looking to benefit from a law enacted by the 2007 Legislature expanding tourism business improvement districts. In Billings, the only city to already have a program in place, hotels charge an additional \$.75 to guests that is then set aside for use in tourism promotion and marketing. Chamber of Commerce President John Drewer said the city expects to make \$700,000 this year from the small assessments. Cities like Missoula, Great Falls and others are trying to adopt similar programs, Drewer said.

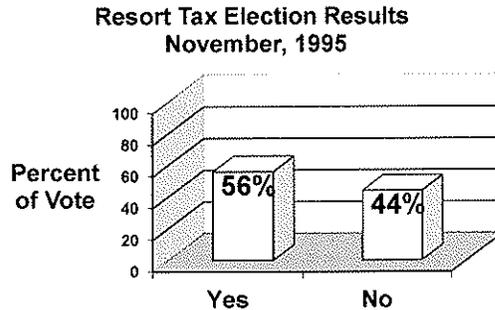
"We wanted to be more proactive in taking our destiny into our own hands," Drewer said. "But it still doesn't do anything for infrastructure."

Through January of this year, Whitefish had collected \$13,703,450 from resort tax revenue since 1996, including \$1.6 million for the 2007 fiscal year. Sixty-five percent of annual revenue goes to street improvement projects, 25 percent goes to tax relief and the last 10 percent is divvied up between the businesses themselves and local parks.

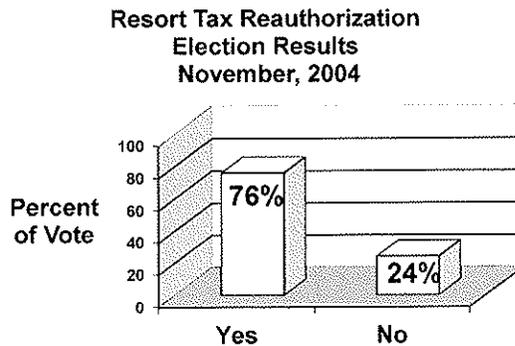
"A good share of the improvements you've seen in Whitefish in the last eight or nine years is because of resort taxes," Marks said. "It's had a big impact."

## WHITEFISH RESORT TAX OVERVIEW (1996 to date)

The Whitefish Resort Tax was approved by City voters, with 56% voting in favor, on November 7, 1995. The tax was implemented on February 1, 1996, initiating a 20-year term that expires on January 31, 2016.



On November 2, 2004, Whitefish voters approved a ballot measure to reauthorized the tax for a new 20-year term, effectively extending the ending date of the tax an additional 9 years, from 2016 to 2025. The election results for reauthorization were 76% "Yes" and 24% "No".



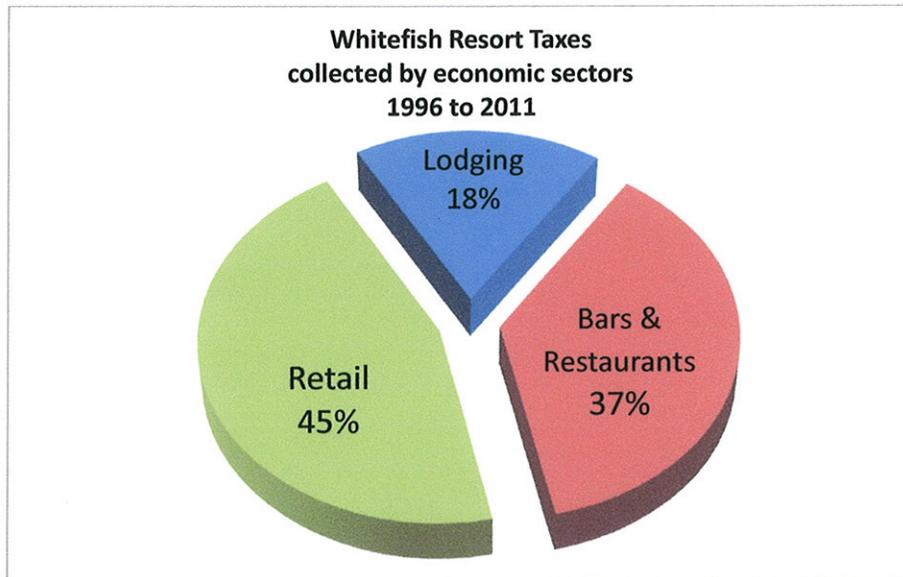
### **Resort Tax Structure:**

The tax rate, tax base (including exemptions), use of tax dollars, and other terms are set by the Resort Tax Ordinance, which can only be changed with voter approval.

The ordinance levies a 2% sales tax on specified goods and services sold within the City by:

- Lodging facilities (hotels, motels, etc.)
- Restaurants, bars and taverns.
- Retailers (who sell items defined as "luxuries" by the Resort Tax Ordinance).

**Distribution of Tax Collections (by economic sector):**



**Uses of Resort Tax Revenue:**

The Resort Tax Ordinance specifies that the proceeds from the tax be distributed as follows:

- 25 percent to property tax reduction for taxpayers residing in the City of Whitefish.
- 65 percent to the improvement of streets, sidewalks, gutters, curbs and City related underground utilities.
- 5 percent to bicycle paths and other park capital improvements.
- 5 percent to administration of the tax (retained by tax collecting businesses).

**Resort Tax Monitoring Committee:**

The Whitefish Resort Tax Monitoring Committee is a committee created by City ordinance. The purpose of the committee is to (a) monitor the use of Resort Tax proceeds to assure compliance with the voter-approved Resort Tax Ordinance and (b) advise the City Council on matters pertinent to the Resort Tax, such as project recommendations. The committee has no authority to approve or deny projects or expenditures. Such decisions are reserved to the elected City Council.

**Committee membership:**

The Resort Tax Monitoring Committee has seven members with the following representative positions:

- One member representing lodging businesses.
- One member representing restaurants/bars/taverns.
- One member representing retail businesses.
- One member representing community businesses at-large.
- One member representing the City Council.
- Two members representing the general public.

**Resort Tax Revenue Collected:**

Collections (Inception through Oct 2011):	\$ 19,466,420
Interest Income	\$ 732,966
Projected collections for remainder of FY12:	<u>\$ 1,007,498</u>
TOTAL:	\$ 20,199,386

Since inception, tax collections have seen average annual growth of 5.9 percent, demonstrating sustained growth in the local economy.

From inception through FY11, a total of \$1,024,548 has been retained by collecting businesses to offset the cost of collection.

From inception the taxable sales have totaled just over 1.02 billion.

If resort taxes had been 3%, from Feb 1996 to Sept 2011, the result would have been an additional half million to businesses for collecting and \$10 million extra dollars for public use.

**Resort Tax Expenditures (Inception through Oct 2011):**

Property tax relief since 1996:	\$ 5,269,688
Street improvements since 1996:	\$ 11,784,176
Park improvements since 1996:	<u>\$ 684,150</u>
TOTAL:	\$ 17,738,014

**Annual Property Tax Relief since 1996:**

Tax Year	Dollars Rebated
1996	\$ 66,172
1997	\$ 205,910
1998	\$ 205,573
1999	\$ 246,228
2000	\$ 269,651
2001	\$ 272,631
2002	\$ 278,562
2003	\$ 296,668
2004	\$ 323,465
2005	\$ 351,148
2006	\$ 390,823
2007	\$ 432,008
2008	\$ 448,364
2009	\$ 468,203
2010	\$ 460,574
2011	\$ 553,708
<u>TOTAL</u>	<u>\$ 5,269,688</u>

**Actual Collections and Future Resort Tax Revenue Projections**

Collections (Inception through FY11):	\$ 17,600,806
Projected Collections (FY12 to Sunset)*:	<u>\$ 28,816,906</u>
TOTAL:	\$ 46,417,712

\*Assumes 3% annual revenue growth (FY12 to Sunset in FY25).

(Actual average annual revenue growth (Inception to FY11) has been 5.9%.)

**Resort Tax projects funded since 1996:**

**STREETS:**

- Baker Avenue (2nd Street to River)
- Baker Avenue (River to 10th Street)
- Baker Avenue overlay (10th Street to 19th Street)
- 7th Street (Columbia Avenue to Pine Avenue)
- 7th Street (Pine Avenue to street terminus)
- 19th Street overlay (Baker Avenue to Hwy 93)
- Columbia Avenue (River to 7th Street)
- Columbia Avenue (2nd Street to 7th Street)
- Skyles Place (Wisconsin Avenue to Dakota Avenue)
- Lupfer Avenue (Entire length)
- Railway St. (Miles Avenue to O'Brien Avenue)
- Railway St. (Columbia Avenue to Somers Avenue)
- Somers Avenue (Railway Street to 2nd Street)
- Colorado Avenue (Edgewood Drive to Crestwood Court)
- Community-wide sidewalk replacement project - 84 blocks
- 6th St / Geddes-Baker Ave to 3rd Street-In progress
- Central Avenue-Railway to 3rd

**Future Projects:**

- 6th & Geddes-Complete construction
- West 7th Street
- East 2nd Street
- East Edgewood Place
- Karrow Avenue
- State Park Road

**PARKS:**

- Riverside Park Bike/Ped Path.
- Baker Street Park Bike/Ped Path.
- Grouse Mountain Park Tennis Court reconstruction.
- Riverside Park Tennis Court improvements.
- Kay Beller Park Construction.
- Memorial Park Basketball Court Resurfacing.
- Baker Park Bike/Ped Path.
- 2nd to Armory Trail
- East Edgewood Trail
- Rocksund/Monegan Trail
- Rocksund Footbridge
- Ice Den Signage
- Donation for New Baseball Stadium

**Future Projects:**

- Boat Dock at City Beach
- Additional Donations for New Baseball Stadium
- Riverside Tennis Court Renovation
- Comprehensive Parks & Rec Master Plan

## WHITEFISH RESORT TAX

### Tax Transmittal Form

The Resort Tax Transmittal Form is the only document by which each business responsible for collecting the tax will be required to report and transmit the tax collections. The tax is to be transmitted to the City Clerk's office not later than the twentieth day of the month following collection. In the event the twentieth day falls on a weekend or holiday, the transmittal is to become effective the first subsequent working day.

The tax transmittal form is very simple to complete. The business operator indicates the collection month for which the tax is being reported and transmitted. Completing the form is as follows:

1. **Line A** of the form is to display the "*gross taxable sales*" for the month. Gross sales are considered on a "cash" basis and, thereby, may be "adjusted" to exclude charged sales until they are paid;
2. **Line B** will show the sum of Line A multiplied by two percent: the resort tax;
3. **Line C** represents five percent of Line B, that is, Line B multiplied by "0.05." This line represents the sum retained by the business to compensate for the effort to collect the tax;
4. **Line D** is retained for calculating a delinquent tax transmittal, that is, a transmittal which is being made later than the twentieth of the month following the reporting month. A figure will be included on this line **ONLY** in the event of a late transmittal. The "0.000274" by which the number of "*days late*" is to be multiplied, represents ten percent divided by 365 days in the year.
5. **Finally**, the "*total due*" is calculated by subtracting Line C from Line B, and adding Line D. This represents the total tax due for the month.

The only other requirement is to add the name and address of the business transmitting the tax. The business is to retain the second sheet for its records.

CITY OF WHITEFISH  
Resort Tax Transmittal Form  
(Ordinance No. 95-15)

Reporting for month of: \_\_\_\_\_

\_\_\_\_\_  
Name of Business

Adjusted

Gross Taxable Sales: (Line A) \_\_\_\_\_

x 2% = Gross Tax : (Line B) \_\_\_\_\_

\_\_\_\_\_  
Address of Business

Less 5% Administration Fee \_\_\_\_\_

(Line B x 5%) : (Line C) \_\_\_\_\_

Delinquent Charge

(# Days Late x 0.000274

x Line B) : (Line D) \_\_\_\_\_

TOTAL DUE \_\_\_\_\_  
(Line B - Line C + Line D) \_\_\_\_\_

(NOTE: TRANSMITTAL FORM MUST  
BE SUBMITTED EACH MONTH  
EVEN IF NO TAXABLE SALES  
ARE RECORDED.)

Tax payments are due by the 20th of the month following the reporting period. Late payments are subject to a penalty of **10%** per year. Please make check payable to the "City of Whitefish" and mail or deliver to City Hall: 418 East 2nd Street (P.O. Box 158), along with white copy of this form. **Retain yellow copy for your records.**

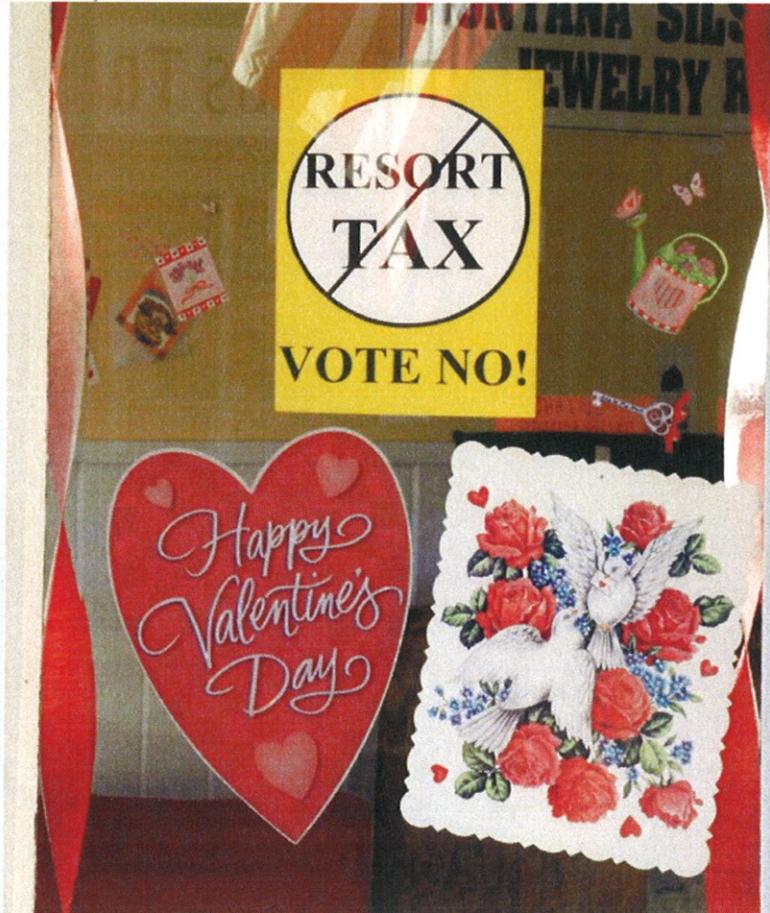
CITY OF WHITEFISH  
P.O. BOX 158  
WHITEFISH, MT 59937

Typical Items of Temporary Vendors Subject to 2% Resort Tax	Typical Items Sold By Temporary Vendors That Are Exempt from 2% Resort Tax
Foodstuffs intended for immediate consumption	Food purchased unprepared or unserved
Soda Pop, Bottled Water, and Candy	Groceries
Baked Goods (intended for immediate consumption)	Baked Goods for later consumption (e.g. bread, a dozen doughnuts)
All alcoholic beverages	Produce
Tobacco	Medicine
Souvenir items, gift items	Medical Supplies
Toys	Hardware supplies and tools
Pet supplies	Necessities of life
Books	Vitamins
Jewelry and Art	Housewares and Sundries
Finished Craft Items	Stationary and office supplies
Antiques, second hand store items	Furniture and Home Furnishings
Sporting Goods and bicycles	Craft Items and Supplies
Records, tapes, CD's, DVD's	Non-profit fund raisers
Clothing	Cleaning Supplies
Cut Flowers and Floral Arrangements	Personal Hygiene Items
	Baby and Child Care Products

**Resort Tax Community  
Newspaper Articles**

# Resort tax ballots mailed out next week

Posted on February 2, 2011 by The Madisonian



Many businesses in Ennis have signs posted in opposition of a resort tax. Voters will decide the issue by March 1. Photo by Greg Lemon

After more than a year of wrangling, Ennis voters will get a chance to vote on the proposed resort tax next week.

The mail-in ballots will be sent out to 574 active Ennis voters on Monday, said Peggy Kaatz Stemler, Madison County Clerk and Recorder.

The ballots will ask voters one important question: should the town of Ennis have a 3 percent tax on luxuries from July 1 to Sept. 30 each year?

This isn't the first time Ennis has wrestled with a resort tax.

Montana law allows for communities and areas with a population less than 5,500 that have received resort designation from the Montana Department of Commerce to pass a maximum 3 percent resort tax. Ennis received its resort designation in 1997.

Ennis has discussed a resort tax twice before, but it has only been to a vote once – in 1998 – and was defeated.

Last May, the Ennis Town Commission voted to put the resort tax issue on the ballot again in March. In anticipation of that vote, a Helena lawyer and resort tax lobbyist, Mona Jamison, began holding public meetings in Ennis late in 2009.

Jamison crafted the Montana resort tax legislation back in the 1980s. She was hired by Ennis to help craft a resort tax ordinance with a grant from the Montana Department of Commerce.

Ennis Mayor John Clark feels the discussion around the tax this time around was better because more of the business community got involved.

“This go around I thought there was a lot more discussed and a lot more involvement from the businesses even though they are against it,” Clark said.

If passed the tax would be in effect for 10 years. And though it's tough to know exactly how much money the tax would raise, projections put it somewhere between \$100,000 and \$140,000.

The money collected would be spent at the direction of the community, not the town commission, Clark said.

“I want the community to come in and say these are our needs, this is what we want,” he said.

But the best thing for the community is a healthy and vibrant business climate and the resort tax is going to threaten that in Ennis, said Rob Gallentine, owner of Shedhorn Sports, one of Ennis biggest retail outlets.

Gallentine attracts people from all over Montana to Ennis because of his wide selection of guns, ammo and optics at competitive prices. All those items would be subject to the resort tax, which would threaten the viability of his business.

His business operates on slim margins for his firearm sales. These margins help him compete with sporting goods stores in towns like Butte, Bozeman and Dillon.

On average, 20 people a day from outside of Ennis come to his store to look for a firearm. These are people who generally spend more time in town than just inside Shedhorn Sports, he said.

“I don't think that's a small deal,” Gallentine said.

However, if the resort tax passed, to stay competitive in selling firearms, his margins would be too small.

"I'm afraid my 11 employees would drop to four or five," he said. "Or do I drop guns all together and just sell pom poms and T-shirts just like West Yellowstone does."

However, Dave Hajny, an Ennis resident who has been involved in the resort tax discussion each time it has come up, believes the money could be used to improve the community.

"There are a lot of tourists that come through here without question and why shouldn't they pay for some of the demands they put on the infrastructure?" Hajny asks.

He actually believes the town commission has watered down the tax too much. It should be for a longer period to maximize it's revenue generation, he said.

"I think it should run a little longer on both ends, just like the others do," Hajny said.

Several other communities around Montana have resort taxes, including Big Sky and Virginia City.

Last spring, Virginia City voted to renew their resort tax for another 20 years.

In fact, all the communities in Montana that have voted in a resort tax have reauthorized it when given the chance.

It makes sense that when you are able to see the benefits of the tax, you would support it, Hajny said.

The businesses in Ennis are incredibly supportive of the community, he said. But the resort tax wouldn't hurt business and could even help by improving the community and making it even more attractive for tourists.

Businesses in other communities have had the same arguments against the tax that Ennis businesses have, he said. They say it will drive away business, customers and tourists.

"If it's going to drive the tourists away, why are they still going to West Yellowstone or Big Sky?" he asks.

However, Ennis is different than other communities with a resort tax, said Hillary Block, owner of West of the Madison in Ennis.

In Ennis, the town limits doesn't encompass all the businesses in the community, Block said. Many businesses in town will have to compete with similar businesses out of town that don't have to deal with the resort tax.

"It creates a problem where there shouldn't be a problem," she said.

Another issue is the amount of money the tax will raise. Under the ordinance, five percent of the money raised will go back to the business to offset collection costs and another five percent will go to property owners for property tax relief. If the town collects \$120,000, it will have to take \$12,000 off the top before it can put any money toward projects, Block said.

"We're not going to have this huge pot of money for which to do all these projects," she said.

The tax will also push even more local residents to buy items in Bozeman, Block said. That's another unique aspect of Ennis; many of the local businesses here compete on some level with stores in Bozeman for their share of the local dollar.

And really, though everyone can speculate how the tax will impact business, she doesn't believe it's worth the risk of hurting the local economy.

"How much money we bring in versus how it might hurt us, that's the big question," Block said. "I think it will hurt us more than it will help us."

If the resort tax passes, a five-person board will be appointed to advise the town commission on how the tax revenue should be spent, Clark said.

If the tax doesn't pass, he won't support bringing it up a fourth time unless a petition is brought forth with a majority of voters' signatures on it, he said.

The tax was brought up this time because the commission saw an outpouring of support for it when they conducted a survey on road maintenance around town. Residents seemed to overwhelmingly support a resort tax versus a mill levy to pay for street work, Clark said.

"From the comments we got back it was that we need a resort tax to pay for this," he said. "Unfortunately once we got into it, the public that did make those comments never showed up."

The commission heard repeatedly at public meetings an overwhelming opposition to the tax, Clark said. And if it gets voted down so be it.

"To me the city government is going to go on just as it always has if it's voted down," he said.

Voters must have their ballots returned to the county by 8 p.m. on March 1. Results will be available late that night.

If you believe you should receive a ballot and don't, call the clerk and records office at 843-4270.

## MT: Many see resort taxes as just another sales tax

By [Phil Drake](#) / August 16, 2012 /

By Phil Drake | Montana Watchdog



Montana may not have a statewide sales tax, but some communities and areas have a resort tax on various goods and services.

HELENA — **Montana** may not have a statewide sales tax, but eight communities and areas charge what is referred to as a “resort tax.”

People purchasing some goods and services in those communities and areas could be charged as much as 3 percent more because of resort taxes, according to the **Montana Department of Revenue (DOR)**.

Is this a case of a sales tax by another name?

**Whitefish City Manager Chuck Stearns** said he hears people refer to the 2 percent “resort tax” in his community as a “sales tax” only when they are saying something derogatory about it.

The taxes pay for services and the communities that have them must meet specific “population and economic” conditions, according to the [DOR website](#).

“The fundamental idea behind resort taxes is to allow places with high numbers of visitors, but relatively few residents, to manage the wear and tear on local infrastructure without overburdening local citizens,” the DOR website states.

The **Department of Commerce (DOC)** approves the designation for a resort and community area. Local voters must approve the tax, its duration and allocation.

Under state law, the population of the community must be less than 5,500 for a town and less than 2,500 for an unincorporated area. Also, the DOC must find that the major portion of the community’s economic well-being is from businesses catering to non-business travelers.

The maximum resort tax is 3 percent. At least 5 percent of the resort tax revenue must offset municipal property taxes.

The tax is on the retail value of all goods and services, except for those sold for resale, according to the DOR website. Among the goods and services are:

- Hotels, motels and other lodging or camping facilities;
- Restaurants, fast-food stores and other food service businesses;
- Bars and other businesses that serve spirits by the drink;
- Destination ski resorts and other such recreational businesses;
- “(E)stablishments that sell luxuries.”

DOR defines luxuries as an item normally sold to the public or tourists with the exception of “unprepared food, medicine or medical supplies, appliances, hardware supplies and tools, or any necessities of life.” Luxuries include sporting good rentals, books, magazines, souvenirs and antiques.

According to the DOR website, the “communities” with a resort tax are:

- Whitefish with 2 percent, which started in 1995;
- **Red Lodge** with 3 percent, 1998;
- **Virginia City** with 3 percent, 1991;
- **West Yellowstone** with 3 percent, 1986.

The “areas” with a resort tax are:

- **St. Regis** with 3 percent, which started in 1993;
- **Big Sky** with 3 percent, 1992;
- **Cooke City** with 3 percent, 2006;
- **Craig** with 3 percent, 2011.

Stearns, the Whitefish city manager, said the resort tax has been an “immense help” to the community of 6,400 residents, raising about \$2 million last year. Of that, 65 percent was put into roads, 25 percent into property tax relief, 5 percent into parks and trails and 5 percent for vendors.

Stearns added that the revenue also has allowed his city to have more police officers than other cities have per capita.

He said the tax applies to consumable food served, which has led to some interesting interpretations. For example, Stearns said that if a person buys one doughnut and eats it at the location, it’s taxed. But if a person buys a bag of doughnuts and eats them at home, they’re not taxed.

The resort tax has grown on residents, who passed it initially with a 56 percent to 44 percent margin. In 2004, residents renewed the tax with a 76 percent to 24 percent vote.

Stearns said he believes the vote was somewhat swayed by “fewer potholes and new roads.”

“We did have some pretty bad roads and a lot of potholes,” he said, adding residents “do enjoy the property tax relief.”

He said some locals will buy in nearby **Kalispell**, but that shopping tactic hasn’t been pervasive.

Stearns said the resort tax could work in other Montana communities, as tourism affects many of the state’s bigger cities. But he knows the “no sales tax” attitude in the state.

“If people don’t like the sales tax, they better like the property tax a whole lot,” he said.

**Gregory Minchak**, spokesman for the **National League of Cities**, a resource for 19,000 cities, towns and villages, said sluggish economies have prompted more cities to consider ways to increase funding.

“Our research shows that more cities are looking at sales taxes and other revenue sources during these tough times,” he said.

Minchak said some cities are looking at nonprofits to see if they will help pay for city services. And he said the majority of cities still get most their money from property taxes.

Other states with local option sales taxes include **Iowa, Nebraska, Vermont, Minnesota, California** and **Nevada**. The states without a statewide sales tax are **Alaska, Delaware, New Hampshire** and **Oregon**.

Staff officials also note that Montana also has a 4 percent “bed tax” on overnight lodging that supports tourism promotions and state parks, historic sites, and other programs.

The funds are “directed to the **Montana Historical Society**, the **University System**, the **Department of Fish, Wildlife & Parks**, Montana’s tourism regions and visitor bureaus, and the Department of Commerce for travel and film location promotion,” according to the [state’s website](#).

It also notes a portion of the bed tax is used for infrastructure related to tourism.