

# OTHER TAXES

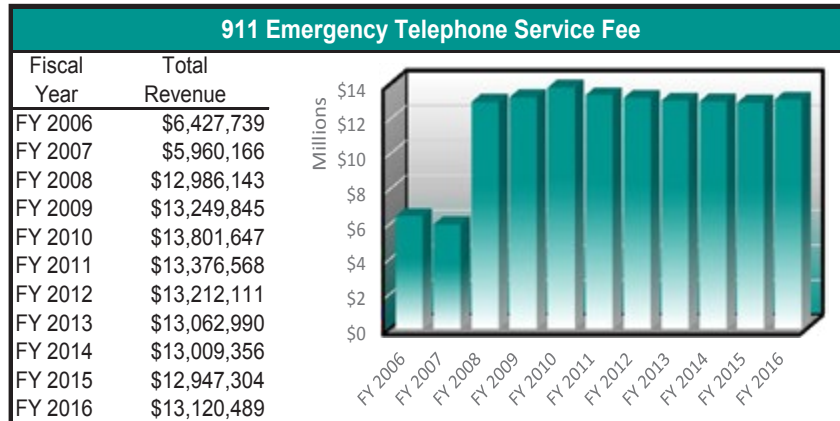
## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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# 911 Emergency Telephone System Fee

**Statute:** Title 10, Chapter 4



## Fee Rate

Before FY 2008, the State of Montana imposed a fee of \$0.25 per month on telephone access lines to support basic 911 services. An additional fee of \$0.25 was applied to each access line within the state to support enhanced 911 services, resulting in a total fee of \$0.50 per access line. Starting in FY 2008, an additional fee of \$0.50 per month per access line, or subscriber, was added to the two other fees to support wireless enhanced 911 services. At this time, prepaid wireless cellular telephone services sold through third parties, such as retail and grocery stores, are not subject to Montana’s 911 emergency telephone system fees.

911 Emergency Telephone Fee Rates	
Purpose	Fee Per Month
Basic 911 Service	\$0.25
Enhanced 911 Service	\$0.25
Wireless Enhanced 911 Service	\$0.50
<b>Total</b>	<b>\$1.00</b>

## Filing Requirements

The subscriber paying for exchange access line services is liable for the fees, but providers collect the fees and remit them to the state on a quarterly basis. The provider collecting the fee must file a return on or before the last day of the month following the end of each calendar quarter.

## Distribution

2.74 percent of the amount of fees collected must be deposited in the state special revenue fund and be used for the administration of the Emergency Telephone System Account. The remaining fee amount is paid to the state treasurer for deposit in the appropriate accounts (10-4-301, MCA).

Distribution of 911 Fees						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Emergency System Acct. (2.74%)	\$366,518	\$362,012	\$357,926	\$356,456	\$354,756	\$359,501
Basic 911 Emergency Program (24.315%)	\$3,252,514	\$3,212,523	\$3,176,426	\$3,163,224	\$3,148,299	\$3,190,248
Enhanced 911 Phone Program (24.315%)	\$3,252,514	\$3,212,523	\$3,176,426	\$3,163,224	\$3,148,299	\$3,190,248
<b>Wireless Enhanced 911 Phone Program</b>						
911 Jurisdictions (24.315%)	\$3,252,511	\$3,212,527	\$3,176,106	\$3,163,226	\$3,147,975	\$3,190,245
Wireless Providers (24.315%)	\$3,252,512	\$3,212,527	\$3,176,106	\$3,163,226	\$3,147,975	\$3,190,245

## State Comparison

Montana places three fees on landline, wireless and Voice over Internet Protocol (VoIP) lines, resulting in a total fee of \$1.00 per month on each subscriber line within the state. The states surrounding Montana have similar fee structures. Wyoming charges between \$0.25 and \$0.75 per line, South Dakota charges \$1.25 per line, North Dakota charges between \$1.00 and \$1.50 per line and Idaho charges \$1.00 per line. West Virginia has some of the highest E911 fees on landlines and VoIP (\$0.98 to \$6.40) and post-paid wireless (\$3.00) lines in the country. Unlike a majority of states within the country, the state of Montana does not

## 911 Emergency Telephone System Fee

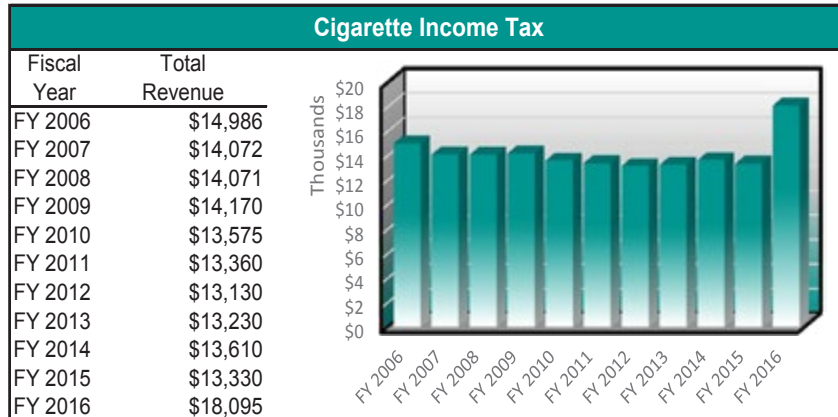
charge prepaid landline and wireless customers any of the 911 emergency telephone system fees.

Like several other states, E911 fees in Montana are collected, and standardized, by the state government, resulting in a uniform fee within the state. However, some states allow two, or more, governing bodies to collect E911 fees. For example, the State of Kentucky imposes a statewide fee on all access lines within the state, but also allows local jurisdictions to establish additional fees on landlines within the local jurisdiction's area. In addition, other states delegate the 911 and E911 funding process to counties and other local jurisdictions. The delegation of 911 and E911 funding sources to counties and local governments results in some states having 911 system fees that are not uniform across the state.

911 Emergency Telephone System Fee				
State	Landline	Wireless	Prepaid Wireless	Voice over Internet Protocol (VoIP)
Alabama	\$1.75	\$1.75	\$1.75	\$1.75
Alaska	\$0.00 - \$2.00	\$0.00 - \$2.00		
Arizona	\$0.20	\$0.20	0.8% of Prepaid Sale	\$0.20
Arkansas	5% - 12% of Tariff Rates	\$0.65	\$0.65	\$0.65
California	0.75% of Service Charges	0.75% of Service Charges	0.75% of Service Charges	0.75% of Service Charges
Colorado	\$0.43 - \$1.75	\$0.43 - \$1.75	1.4% of Prepaid Sale	\$0.43 - \$1.75
Connecticut	\$0.51	\$0.51	\$0.51 At Point of Sale	\$0.51
Delaware	\$0.60	\$0.60	\$0.60	\$0.60
Florida	\$0.40	\$0.40	\$0.04	\$0.40
Georgia	\$1.50	\$1.00 - \$1.50	\$0.75 Prepaid	\$1.50
Hawaii	\$0.27	\$0.66		\$0.66
Idaho	\$1.00	\$1.00	2.5% of Prepaid Retail Sale	\$1.00
Illinois	\$0.50 - \$5.00	\$0.73	1.5% of Prepaid Sale	\$0.50 - \$5.00
Indiana	\$0.90	\$0.90	\$0.50	\$0.90
Iowa	\$1.00	\$1.00	\$0.51	\$1.00
Kansas	\$0.53	\$0.53	1.06% of Prepaid Retail Sale	\$0.53
Kentucky	\$0.36 - \$4.50	\$0.70	\$0.70	\$0.36 - \$4.50
Louisiana	\$0.62 - \$1.00 Residential \$1.30 - \$2.00 Business	\$0.85 - \$1.50	2% of Prepaid Retail Sale	\$1.00
Maine	\$0.45	\$0.45	\$0.45	\$0.45
Maryland	\$1.00	\$1.00	\$0.60	\$1.00
Massachusetts	\$0.75	\$0.75	\$0.75	\$0.75
Michigan	\$0.19 - \$3.19	\$0.19 - \$3.19	1.92% Prepaid Point of Sale	\$0.19 - \$3.19
Minnesota	\$0.78	\$0.78	\$0.78	\$0.78
Mississippi	\$1.05 Residential \$2.05 Business	\$1.00	\$1.00	\$1.00
Missouri	2% - 15% Base Rate 0.125% - 0.75% of Sales Tax			
Montana	\$1.00	\$1.00		\$1.00
Nebraska	\$0.50 - \$1.00	\$0.45 - \$0.70	1.1% of Prepaid Retail Sale	
Nevada	Varies By Jurisdiction	Varies By Jurisdiction		
New Hampshire	\$0.57	\$0.57		\$0.57
New Jersey	\$0.90	\$0.90		\$0.90
New Mexico	\$0.51	\$0.51		
New York	\$0.35 - \$1.00	\$1.20		\$0.35
North Carolina	\$0.60	\$0.60	\$0.60	\$0.60
North Dakota	\$1.00 - \$1.50	\$1.00 - \$1.50	2% of Prepaid Sale	\$1.00 - \$1.50
Ohio	\$0.50	\$0.25	0.5% Prepaid Point of Sale	
Oklahoma	3% - 15% of Base Rate	\$0.50	\$0.50	\$0.50
Oregon	\$0.75	\$0.75	\$0.75	\$0.75
Pennsylvania	\$1.65	\$1.65	\$1.65	\$1.65
Rhode Island	\$1.00	\$1.26		\$1.26
South Carolina	\$0.30 - \$1.00	\$0.62	\$0.62	\$0.30 - \$1.00
South Dakota	\$1.25	\$1.25	2% Prepaid Point of Sale	\$1.25
Tennessee	\$1.16	\$1.16	\$1.16	\$1.16
Texas	\$0.50	\$0.50	2% of Prepaid Sale	\$0.50
Utah	\$0.70	\$0.70	1.9% Prepaid Point of Sale	\$0.70
Vermont	Universal Service Funding	Universal Service Funding		
Virginia	\$0.75	\$0.75	\$0.50	\$0.75
Washington	\$0.95	\$0.95		\$0.95
West Virginia	\$0.98 - \$6.40	\$3.00	6% Prepaid Point of Sale	\$0.98 - \$6.40
Wisconsin	\$0.16 - \$1.00			
Wyoming	\$0.25 - \$0.75	\$0.25 - \$0.75	1.5% of Prepaid Sale	\$0.25 - \$0.75

# Cigarette License Fee

**Statute:** 16-11-122, MCA



## Fee Rate

A license fee is imposed on tobacco, alternative nicotine, and vapor product dealers in Montana. As of January 2016, wholesalers, sub-jobbers and vendors (operating 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (operating 9 or fewer machines) pay an annual license fee of \$5. The sale of alternative nicotine and vapor products also requires a license fee of \$5.

<b>Cigarette License Fee Schedule</b>	
<u>Status</u>	<u>Annual Renewal Fee</u>
Wholesalers & Sub-Jobbers	\$50
Vendors (10 or More Machines)	\$50
Vendors (9 or Fewer Machines)	\$5
Retailers	\$5
Alternative Tobacco or Vaping Products	\$5

## Filing Requirements

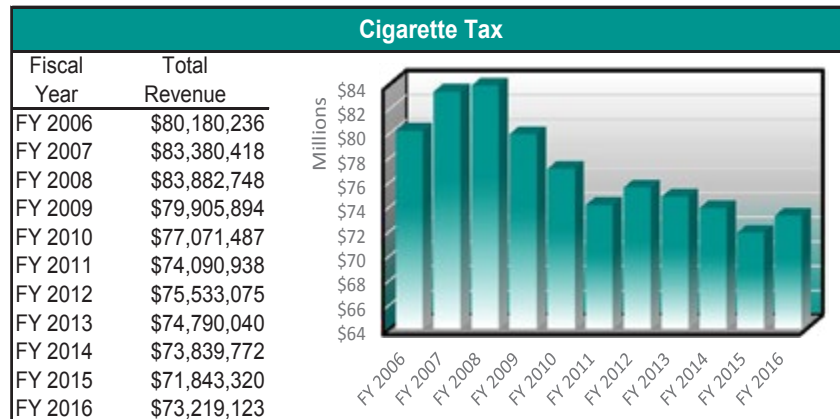
Licenses must be renewed annually on, or before, the anniversary date.

## Distribution

Revenues from the license fees are deposited in the state general fund (16-11-124, MCA).

# Cigarette Tax

**Statute:** 16-11-111, MCA and 16-11-119, MCA



## Tax Rate

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from \$0.18 to \$0.70 per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from \$0.70 per pack to \$1.70 per pack in compliance with Initiative 149 (I-149) in November 2004.

## Filing Requirements

The cigarette tax is pre-collected from retailers by state-licensed cigarette wholesalers who must affix a tax insignia to each package of cigarettes to indicate the tax has been paid. Retailers then include the tax in the retail price of cigarettes. Wholesalers remit the tax to the State of Montana, minus an allowance to defray the costs of affixing insignias and collecting the tax.

## Distribution

After distributing revenues according to tribal revenue sharing agreements, cigarette tax revenues are distributed as follows:

- Department of Public Health and Human Services for maintenance and operation of state veterans' nursing homes.
  - Whichever is greater:
    - 8.3 percent of revenues
    - \$2 Million
- Long-Range Building Program Account.
  - 2.6 percent of revenues
- State special revenue fund for Health and Medicaid initiatives.
  - 44 percent of revenues
- State general fund (16-11- 119, MCA).
  - Remaining revenues

Distribution of Cigarette Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Total Revenue</b>	<b>\$74,090,938</b>	<b>\$75,533,075</b>	<b>\$74,790,040</b>	<b>\$73,839,772</b>	<b>\$71,843,320</b>	<b>\$73,219,123</b>
Tobacco and Cig. Tribal Agree.	\$3,495,106	\$3,818,164	\$4,149,377	\$4,083,458	\$4,407,522	\$4,254,158
<b>Remainder</b>	<b>\$70,595,832</b>	<b>\$71,714,911</b>	<b>\$70,640,663</b>	<b>\$69,756,313</b>	<b>\$67,435,798</b>	<b>\$68,964,965</b>
State Veterans' Home (8.3%)	\$5,859,454	\$5,952,337	\$5,863,175	\$5,789,774	\$5,597,171	\$5,724,092
SW State Veterans' Home (1.2%)	\$847,150	\$860,579	\$847,688	\$837,076	\$809,230	\$0
Long Range Building Program (2.6%)	\$1,835,492	\$1,864,588	\$1,836,657	\$1,813,664	\$1,753,331	\$1,793,089
DPHHS-Medicaid Initiatives (44%)	\$31,062,166	\$31,554,561	\$31,081,891	\$30,692,778	\$29,671,751	\$30,344,584
General Fund (remainder)	\$30,991,570	\$31,482,846	\$31,011,251	\$30,623,022	\$29,604,315	\$31,103,199

## Cigarette Tax

From fiscal year 2012 through 2015, 1.2 percent of revenue of the revenue was distributed to a special revenue fund for the construction of state veteran's homes in southwestern Montana.

### State Comparison

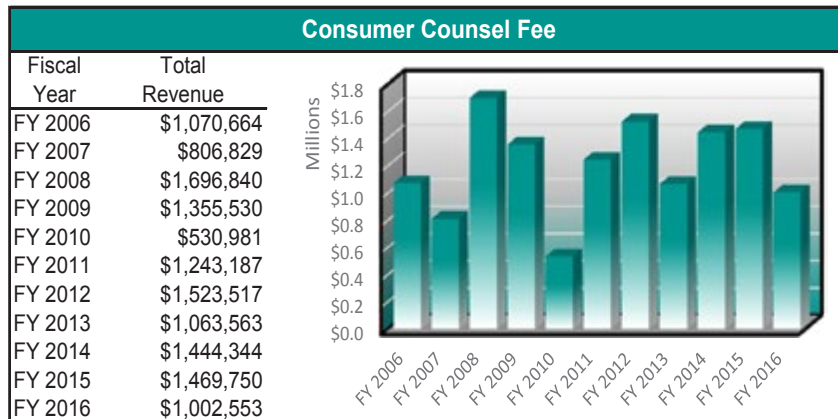
The state of New York has the highest excise tax on cigarettes at \$4.35 per pack, as of January 1, 2016. At \$0.17 per pack, Missouri has the lowest excise tax on cigarettes in the United States. With a tax of \$1.70 per pack of 20 cigarettes, Montana has the 19<sup>th</sup> highest cigarette excise tax in the United States. Montana places a large tax on the sales of cigarettes within the state relative to its surrounding states. For 2016, South Dakota's excise tax on cigarettes was similar to Montana's at \$1.53 per pack. However, the excise taxes for Wyoming, Idaho and North Dakota were significantly below Montana's, at \$0.60, \$0.57 and \$0.44 respectively.

Excise Tax Rates on Cigarettes by State			
State	Cigarette Tax Rate (\$ Per Pack)	State	Cigarette Tax Rate (\$ Per Pack)
Alabama	\$0.68	Montana	\$1.70
Alaska	\$2.00	Nebraska	\$0.64
Arizona	\$2.00	Nevada	\$1.80
Arkansas	\$1.15	New Hampshire	\$1.78
California	\$0.87	New Jersey	\$2.70
Colorado	\$0.84	New Mexico	\$1.66
Connecticut	\$3.65	New York	\$4.35
Delaware	\$1.60	North Carolina	\$0.45
Florida	\$1.34	North Dakota	\$0.44
Georgia	\$0.37	Ohio	\$1.60
Hawaii	\$3.20	Oklahoma	\$1.03
Idaho	\$0.57	Oregon	\$1.32
Illinois	\$1.98	Pennsylvania	\$1.60
Indiana	\$1.00	Rhode Island	\$3.75
Iowa	\$1.36	South Carolina	\$0.57
Kansas	\$1.29	South Dakota	\$1.53
Kentucky	\$0.60	Tennessee	\$0.62
Louisiana	\$0.86	Texas	\$1.41
Maine	\$2.00	Utah	\$1.70
Maryland	\$2.00	Vermont	\$3.08
Massachusetts	\$3.51	Virginia	\$0.30
Michigan	\$2.00	Washington	\$3.03
Minnesota	\$3.00	West Virginia	\$0.55
Mississippi	\$0.68	Wisconsin	\$2.52
Missouri	\$0.17	Wyoming	\$0.60

Source: Federation of Tax Administrators

# Consumer Counsel Fee

**Statute:** Title 69, Chapter 1, Part 2, MCA



## Fee Rate

The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel.

<b>Consumer Counsel Fee Rates</b>	
<u>Fiscal Year*</u>	<u>Fee Rate</u>
Oct. 2005 - Sept. 2006	0.07% of Gross Revenue from Regulated Activities
Oct. 2006 - Sept. 2007	0.06% of Gross Revenue from Regulated Activities
Oct. 2007 - Sept. 2008	0.14% of Gross Revenue from Regulated Activities
Oct. 2008 - Sept. 2009	0.08% of Gross Revenue from Regulated Activities
Oct. 2009 - Sept. 2010	0.03% of Gross Revenue from Regulated Activities
Oct. 2010 - Sept. 2011	0.11% of Gross Revenue from Regulated Activities
Oct. 2011 - Sept. 2012	0.12% of Gross Revenue from Regulated Activities
Oct. 2012 - Sept. 2013	0.07% of Gross Revenue from Regulated Activities
Oct. 2013 - Sept. 2014	0.11% of Gross Revenue from Regulated Activities
Oct. 2014 - Sept. 2015	0.10% of Gross Revenue from Regulated Activities
Oct. 2015 - Sept. 2016	0.06% of Gross Revenue from Regulated Activities
Oct. 2016 - Sept. 2017	0.10% of Gross Revenue from Regulated Activities

## Filing Requirements

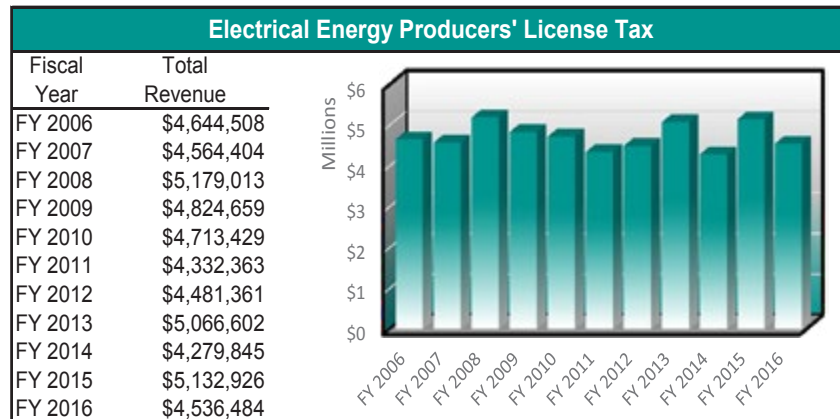
All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue.

## Distribution

All collections are deposited in a state special revenue account for the operation of the Office of Consumer Counsel (69-1-201; 223; 224, MCA).

# Electrical Energy Producers' License Tax

**Statute:** Title 15, Chapter 51, MCA



## Tax Rate

The tax was first enacted in 1933 and is \$.0002 per kilowatt hour of electrical energy generated, manufactured or produced in the state for barter, sale or exchange, other than plant use.

## Filing Requirements

Businesses that produce electrical energy pay the electrical energy producers' license tax. The businesses must remit the license tax each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA).

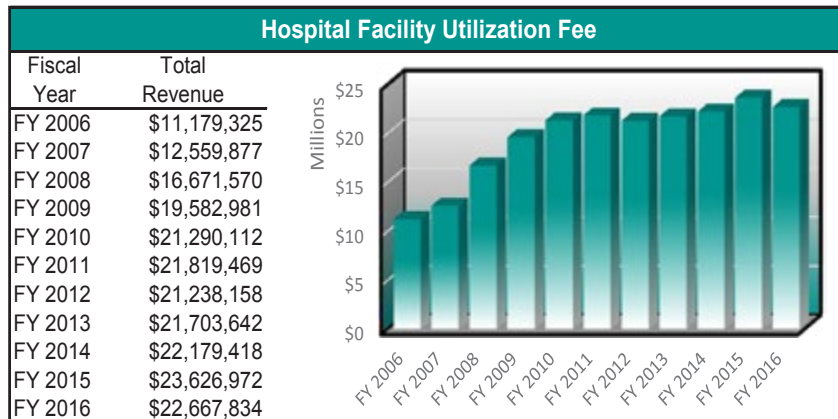
## Distribution

These tax collections are deposited in the state general fund (15-51-103, MCA).



# Hospital Facility Utilization Fee

**Statute:** Title 15, Chapter 66, MCA



## Fee Rate

Beginning in 2010, all hospitals licensed by the state (with the exception of the Montana State Hospital) are required to pay a \$50 utilization fee for each inpatient bed day.

## Filing Requirements

The hospital must pay the fees for the preceding calendar year on all taxable inpatient bed days. The table below lists the fee per inpatient bed day since the fee was instituted.

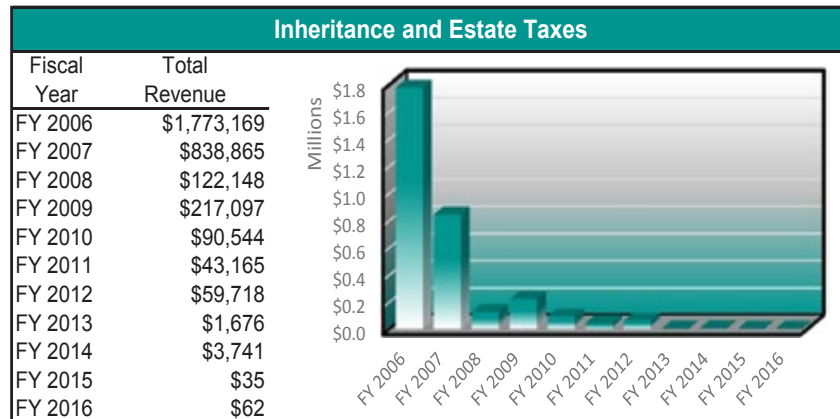
<b>Hospital Facility Utilization Fee Schedule</b>	
<u>Fee Applies to This Period</u>	<u>Fee Per Inpatient Bed Day</u>
January 1, 2004 - June 30, 2005	\$19.43
July 1, 2005 - December 31, 2005	\$29.75
January 1, 2006 - June 30, 2007	\$27.70
July 1, 2007 - December 31, 2007	\$47.00
January 1, 2008 - December 31, 2008	\$43.00
January 1, 2009 - December 31, 2009	\$48.00
Beginning January 1, 2010	\$50.00

## Distribution

All of the proceeds from the utilization fee are deposited in a special revenue account for use by the Department of Public Health and Human Services to reimburse hospitals serving Medicaid patients (15-66-102, MCA).

# Inheritance and Estate Tax

**Statute:** Title 72, Chapter 16, MCA



## Tax Rate

An estate tax is a tax on the value of the estate a person leaves when they die and is paid by the estate. An inheritance tax is a tax on the value of the bequest each heir receives.

Before 2001, Montana had an inheritance tax with rates that varied according to the heir's relationship to the decedent. Montana's inheritance tax was repealed by the passage of Legislative Referendum 116 in November 2000, and does not apply to bequests made on or after January 1, 2001.

Montana also has an estate tax equal to the difference between the amount of credit that the federal estate tax law allows for state taxes and the inheritance tax. The estate tax essentially allows the state to receive a share of the federal tax on Montana estates, with that share determined by federal law. With repeal of the inheritance tax, the estate tax became a stand-alone tax.

Federal legislation passed in 2001 and 2010 changed the federal estate tax law. It phased out the credit for state taxes between 2002 and 2004 and replaced it with a deduction beginning in 2005. With no federal credit, Montana essentially has an estate tax with a rate of zero.

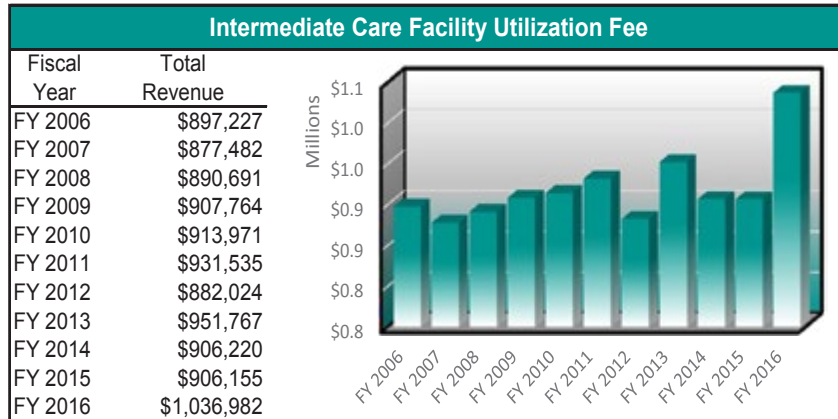
No Montana tax applies to the estates of people who died after January 1, 2005. All revenue received in FY 2006 through FY 2016 is from the estates of people who died before the end of 2004. The state continues to receive small amounts of revenue because it sometimes takes years for final settlement of all issues pertaining to an estate.

## Distribution

All inheritance tax revenue is deposited in the state general fund.

# Intermediate Care Facility Utilization Fee

**Statute:** Title 15, Chapter 67, MCA



### Fee Rate

The Intermediate Care Facility Utilization Fee is collected at a rate of 6 percent of the revenue of intermediate care facilities for the developmentally disabled. The fee was first implemented by the 2003 Legislature at a rate of 5 percent. The 2005 Legislature changed the fee to a quarterly payment of 6 percent of the intermediate care facility’s quarterly revenue divided by the resident bed days for the same period. For facilities operated by the state, the fee is calculated on total quarterly expenditures.

### Filing Requirements

Payments are filed and paid quarterly.

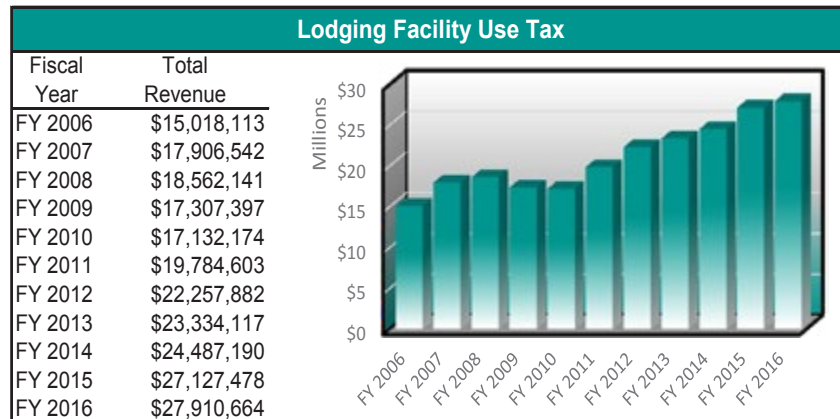
### Distribution

Thirty percent of the revenue generated by this fee is deposited into the state general fund and 70 percent into the prevention and stabilization account in the state special revenue fund for the Department of Public Health and Human Services to administer (15-67-102, MCA).

Distribution of Intermediate Care Facility Utilization Fees						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Fund (30%)	\$279,460	\$264,607	\$285,530	\$271,866	\$271,846	\$311,095
Prevention & Stabilization (70%)	\$652,074	\$617,417	\$666,237	\$634,354	\$634,308	\$725,888

# Lodging Facility Use Tax

**Statute:** Title 15, Chapter 65, MCA



## Tax Rate

The 1987 Legislature enacted a tax on short-term lodging, with the proceeds to be used primarily to fund tourism promotion. The tax is imposed on users of short-term, overnight lodging facilities and is 4 percent of the lodging charge.

## Filing Requirements

The owner or operator of a facility collects the tax from customers and must pay the tax to the department quarterly. The tax is due on, or before, the last day of the month immediately following the end of the quarter. To simplify compliance, the department has lodging operators file a single return combining the lodging facility use tax and the lodging sales tax.

## Distribution

The department's costs of administering the lodging facility use tax are paid out of receipts from the tax. This process is different from most taxes, where the department's costs are paid from the general fund. For each fiscal year, the legislature appropriates an amount to the department to cover its costs, and this amount is deducted from tax collections.

The legislature originally chose not to tax business travel by state employees. However, rather than exempting state travel from the tax, the legislature required the department to reimburse state agencies for the tax they paid. Agencies reported the amount they spent on lodging from each of their funding sources, and the department reimbursed each of the funds. This system was cumbersome to administer and difficult to track. The 2011 Legislature simplified the process (HB 111). Beginning in FY 2012, 30 percent of tax collected from state agencies is deposited in the general fund. Tax on state agency travel paid with federal funds is given to the Department of Administration to be returned to the federal government through the normal process for returning unspent federal funds. The rest of the tax paid by state agencies is included in the normal distribution.

A fixed allocation of \$400,000 is deposited in the Montana Heritage Preservation Account to pay for preservation of historic properties at Virginia City and Nevada City. The remaining revenue is distributed to the following accounts:

- Department of Commerce for statewide tourism promotion.
  - 64.9 percent of revenues
- Montana Historical Society for roadside historical signs and historic sites.
  - 1 percent of revenues
- Montana university system for the Montana Travel Research Program.
  - 2.5 percent of revenues
- Historical Society to cover costs of the state museum and the Robert Scriver sculpture collection.

## Lodging Facility Use Tax

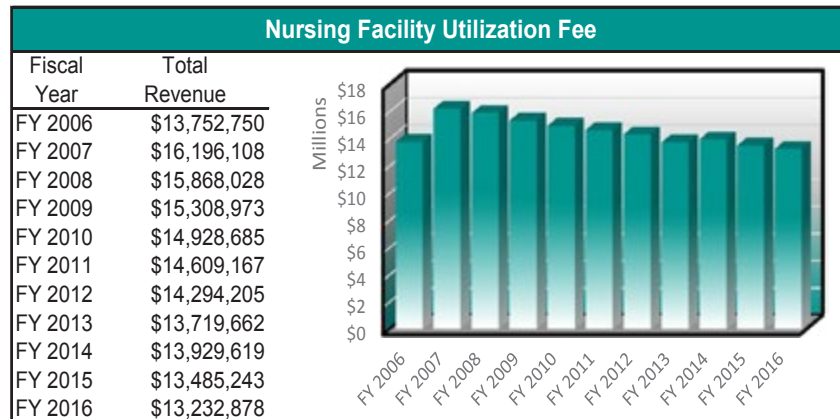
- 2.6 percent of revenues
- Department of Fish, Wildlife and Parks to maintain facilities in state parks.
  - 6.5 percent of revenues
- Regional nonprofit tourism corporations and local convention and visitors bureaus for local tourism promotion.
  - 22.5 percent of revenues
  - Each of the state's six tourism promotion regions receives revenue proportional to the tax collected in the region. If the share of this allocation due to taxes collected in a city or resort area is more than \$35,000, half of that amount goes to the local convention and visitors' bureau.

The 2011 Legislature (HB 477) created the allocation to the Historical Society and reduced the Department of Commerce's allocation by the same percentage (2.6 percent).

Distribution of Lodging Facility Use Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Total Revenue</b>	<b>\$19,784,603</b>	<b>\$22,257,882</b>	<b>\$23,334,117</b>	<b>\$24,487,190</b>	<b>\$27,127,478</b>	<b>\$27,910,664</b>
DOR Administration	\$132,416	\$135,675	\$136,459	\$144,317	\$147,793	\$147,821
Travel Reimbursements	\$215,859	\$140,183	\$134,921	\$152,886	\$127,527	\$113,724
MT Heritage Preservation Acct.	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
<b>Remainder</b>	<b>\$19,036,328</b>	<b>\$21,582,023</b>	<b>\$22,662,737</b>	<b>\$23,789,987</b>	<b>\$26,452,158</b>	<b>\$27,249,119</b>
Department of Commerce (64.9%)	\$12,849,521	\$14,012,087	\$14,708,117	\$15,439,702	\$17,167,451	\$17,684,678
MT Historical Soc. Sites & Signs (1%)	\$190,363	\$215,820	\$226,627	\$237,900	\$264,522	\$272,491
MT University System (2.5%)	\$475,908	\$539,551	\$566,568	\$594,750	\$661,304	\$681,228
MT Historical Soc. Interpret. Acct. (2.6%)	\$0	\$555,779	\$589,231	\$618,540	\$687,756	\$708,477
Fish, Wildlife, and Parks (6.5%)	\$1,237,361	\$1,402,832	\$1,473,078	\$1,546,350	\$1,719,390	\$1,771,193
Regional Tourism (22.5%)	\$4,283,174	\$4,855,955	\$5,099,116	\$5,352,747	\$5,951,736	\$6,131,052

# Nursing Facility Utilization Fee

**Statute:** Title 15, Chapter 60, MCA



## Tax Rate

All facilities licensed by the Department of Public Health and Human Services (DPHHS) and the Montana Mental Health Nursing Care Center (MMHNCC) must pay a utilization fee of \$8.30 per resident day.

## Filing Requirements

The owner or operators of a facility pay the tax quarterly. The tax is due on or before the last day of the month immediately following the end of the quarter.

## Distribution

For all facilities, with the exception of the Montana Mental Health Nursing Care Center, \$2.80 is distributed to the general fund and \$5.50 is distributed to the nursing facility utilization fee account (15-60-102, MCA).

Utilization fees paid by the Montana Mental Health Nursing Care Center are distributed 30 percent to the state general fund and 70 percent to the prevention and stabilization account administered by DPHHS to finance, administer, and provide health and human services (53-6-1101, MCA).

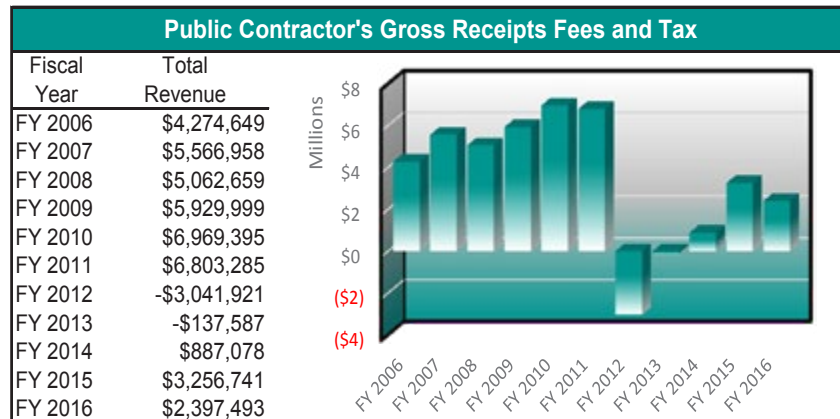
The revenue distributed into the nursing facility utilization account is used by DPHHS to increase the average price paid for Medicaid nursing facility services under the price-based reimbursement system used to establish Medicaid payment rates to nursing homes (15-60-211, MCA).

Nursing Facility Utilization Fee Rates	
<b>Non-Montana Mental Health Nursing Care Center Facilities</b>	
General Fund Fee Per Bed Day (≈33.73%)	\$2.80
Nursing Facility Utilization Account Fee Per Bed Day (≈66.27%)	\$5.50
<b>Total Fee Per Bed Day (100%)</b>	<b>\$8.30</b>
<b>Montana Mental Health Nursing Care Center Facilities</b>	
General Fund Fee Per Bed Day (30%)	\$2.49
Prevention and Stabilization Fee Per Bed Day (70%)	\$5.81
<b>Total Fee Per Bed Day (100%)</b>	<b>\$8.30</b>

Distribution of Nursing Facility Utilization Fees						
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
<b>Non-Montana Mental Health Nursing Care Center Facilities</b>						
General Fund (≈33.73%)	\$4,838,119	\$4,735,765	\$4,580,152	\$4,615,142	\$4,455,861	\$4,370,397
Nursing Facility Util. Acct. Fee (≈66.27%)	\$9,505,548	\$9,304,451	\$8,931,529	\$9,067,461	\$8,754,519	\$8,586,606
<b>Montana Mental Health Nursing Care Center Facilities</b>						
General Fund (30%)	\$79,650	\$76,196	\$62,394	\$74,105	\$82,459	\$82,763
Prevention and Stabilization Fee (70%)	\$185,850	\$177,792	\$145,587	\$172,911	\$192,404	\$193,113

# Public Contractor's Gross Receipts Fees and Tax

**Statute:** Title 15, Chapter 50, MCA.



## Tax Rate

Prime contractors, or subcontractors, working on a publicly funded project in Montana are required to pay, or have withheld from their earnings, a license fee equal to 1 percent of the gross contract price of all government contracts over \$5,000.

## Filing Requirements

Contractors can obtain part or all of the tax back by requesting refunds for business equipment and vehicle property taxes paid by their contracting business, and/or by claiming credit on their individual Montana income tax return or Montana corporation income tax return. These refunds often occur in a later year than the original payments.

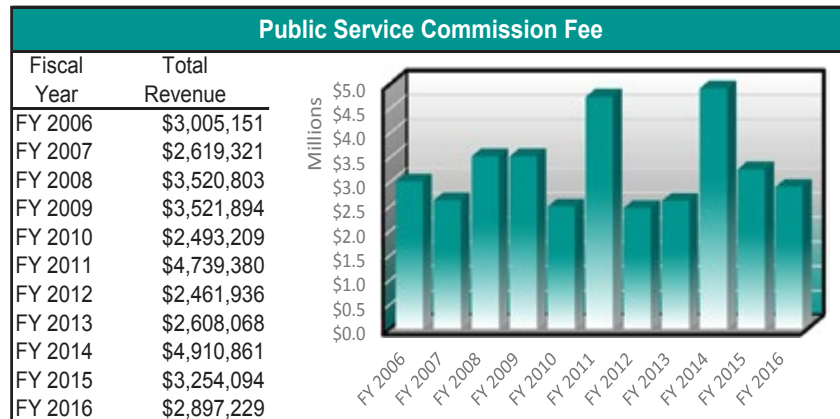
In FY 2012 and FY 2013, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. The decline in revenue is due, in part, to a large decrease in the number of publicly-funded projects covered by the fee in FY 2012, FY 2013 and FY 2014. The revenue amounts are expected to return to a level closer to their historical levels, as the number of refunds claimed by contractors adjusts to the decreased number of qualified government contracts. In addition, upgrades to the department's main tax processing software, GenTax, along with changes in the contractor's gross receipts software application, allowed a backlog of refunds to be closed out and finally posted. The upgrade, along with other efforts by the department, resulted in large, temporary, decreases in revenue over a short time period.

## Distribution

Revenues are deposited in the state general fund (15-50-311, MCA).

# Public Service Commission Fee

**Statute:** Title 69, Chapter 1, Part 4, MCA



## Tax Rate

All companies providing services that are regulated by the Public Service Commission are subject to a tax on gross operating revenue, excluding revenues from sales to other regulated companies for resale. However, motor carriers are not subject to the tax. The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Department of Public Service Regulation.

<b>Public Service Commission Fee Rates</b>	
<u>Effective Dates</u>	<u>Rate</u>
Oct. 2005 - Sept. 2006	0.25%
Oct. 2006 - Sept. 2007	0.22%
Oct. 2007 - Sept. 2008	0.31%
Oct. 2008 - Sept. 2009	0.26%
Oct. 2009 - June 2010	0.21%
July 2010 - Sept. 2010	0.37%
Oct. 2010 - Sept. 2011	0.42%
Oct. 2011 - Sept. 2012	0.20%
Oct. 2012 - Sept. 2013	0.23%
Oct. 2013 - Sept. 2014	0.42%
Oct. 2014 - Sept. 2015	0.20%
Oct. 2015 - Sept. 2016	0.23%
Oct. 2016 - Sept. 2017	0.39%

## Filing Requirements

Taxpayers must file and pay the tax within 30 days of the end of the calendar quarter.

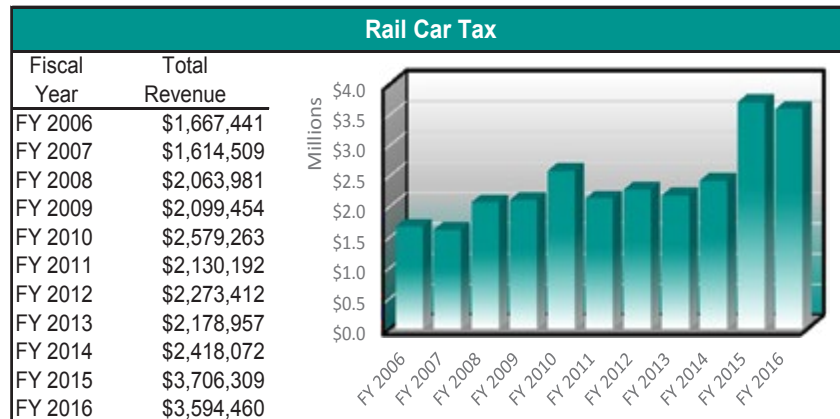
## Distribution

All collections are deposited in a state special revenue account for the administration of the Public Service Commission (69-1-402, MCA).



# Rail Car Tax

**Statute:** Title 15, Chapter 23, Part 2, MCA



## Tax Rate

The rail car tax provides for the central assessment of rail car companies' operating properties. The rail car tax is assessed on the rolling stock of freight line companies. Section 15-23-214, MCA, provides that the tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property. Rail car companies were moved from a gross receipts tax to an ad valorem tax by the July 1992 special session of the Montana Legislature.

As required by federal law, calculation of rail car tax is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The class 12 taxable value rate, which applies to railroad and airline property, is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The third step is to apply the statewide average mill levy for commercial and industrial property to the taxable value. Section 15-23-211, MCA, provides a definition of the "average levy." Prior to fiscal year 2004, 95 percent of the average statewide mill levy was used as the average state mill.

Under current law, tax calculations are calculated at 100 percent of the average statewide mill levy. The rail car tax general fund revenue is Montana's allocated rail car value multiplied by the class 12 taxable valuation rate, and then multiplied by the average statewide mill levy for commercial and industrial property. The calculated tax may differ from actual collections due to delinquent taxes.

## Filing Requirements

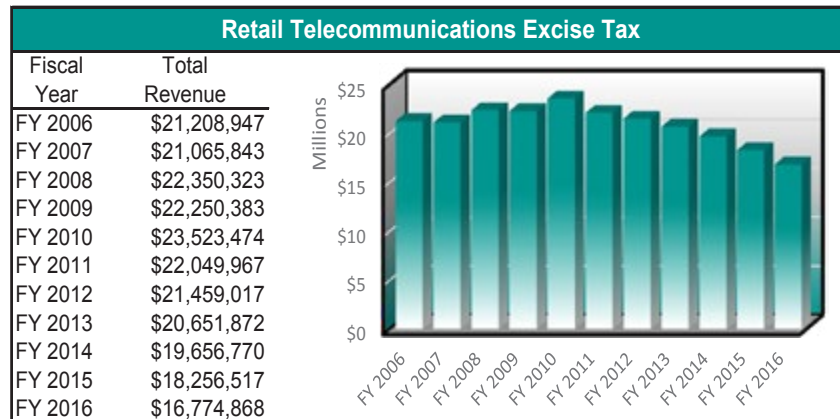
The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later. The other half of the tax is due by May 31 of each year.

## Distribution

Rail car tax revenue is deposited in the state general fund (15-23-215, MCA).

# Retail Telecommunications Excise Tax

**Statute:** Title 15, Chapter 53, MCA



## Tax Rate

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8 percent on gross revenue telephone companies earned from in-state telephone calls. On January 1, 2000, the telephone company license tax was replaced by the retail telecommunications excise tax. The retail telecommunications tax is levied at a rate of 3.75 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana.

The sale of prepaid wireless cellular telephone services by third parties, such as retail and grocery stores, are not subject to Montana's retail telecommunications excise tax.

## Filing Requirements

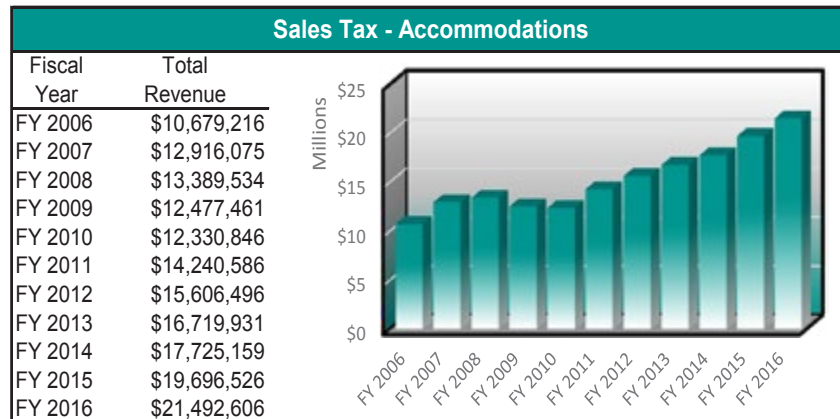
Each retail telecommunication service provider must file a quarterly return due 60 days after the end of the quarter.

## Distribution

All receipts from the Retail Telecommunications Excise tax are deposited in the state general fund (15-53-156, MCA).

## Sales Tax - Accommodations

**Statute:** Title 15, Chapter 68, MCA



### Tax Rate

In 2003, the Montana Legislature enacted a 3 percent selective sales and use tax on accommodations and campgrounds. The 3 percent sales tax on accommodations is levied in addition to, and applies to the same facilities as, the lodging facilities use tax (15-68-102, MCA).

### Filing Requirements

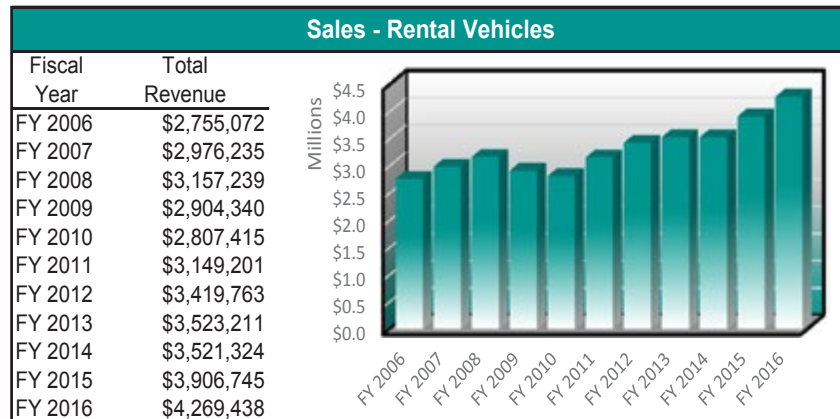
The sales tax is imposed on the purchaser, and collected and paid by the seller to the department. The tax is due on or before the last day of the month immediately following the end of the quarter. The seller who files a return and pays the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per facility, as compensation for collecting the tax. To simplify compliance, the department has the seller file a single return combining the lodging facility use tax and the lodging sales tax.

### Distribution

All of the revenue from the accommodations and campground sales and use tax is deposited in the state general fund (15-68-820, MCA).

## Sales Tax - Rental Vehicles

**Statute:** Title 15, Chapter 68, MCA



### Tax Rate

The 2003 Legislature enacted a 4 percent sales and use tax on the base rental charge for vehicles rented for 30 days or less (15-68-102, MCA). The base rental charge includes charges based on time of use or mileage, charges for personal accident insurance, charges for additional or underage drivers, and charges for certain accessory equipment. Rental vehicles subject to the tax include automobiles, vans and SUVs; trucks rated at one ton or less; motorcycles and quadracycles; off-highway vehicles; motorboats and sailboats; and trucks, trailers and semis with GVW less than 22,000 lbs. Vehicles designed to carry more than 15 passengers, farm vehicles, machinery, equipment, and vehicles rented with a driver are not subject to the tax.

### Filing Requirements

The sales tax is imposed on the purchaser, and collected and paid by the seller to the department. The tax is due on or before the last of the month immediately following the end of the quarter. A rental vehicle business that files a return and pays the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per location, as compensation for collecting the tax.

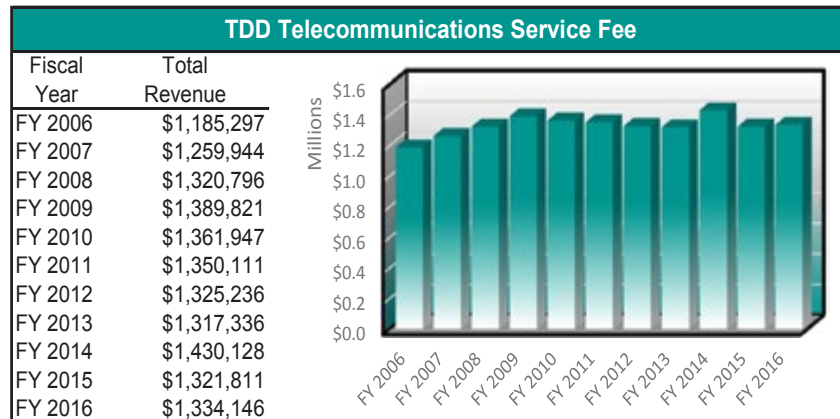
### Distribution

Before 2016, all rental vehicle sales tax revenue was deposited into the state's general fund. After 2016, the distribution of rental vehicle sales tax revenue was changed to the following accounts (15-68-820, MCA):

- Senior citizen and persons with disabilities transportation services.
  - 25 percent of revenue
- State general fund.
  - 75 percent of revenue

# TDD Telecommunications Service Fee

**Statute:** 53-19-301, MCA



## Fee Rate

A monthly fee of \$0.10 per access line in the state is assessed from service subscribers to provide funding for a telecommunications relay service system that is designed to connect persons with disabilities to all public telecommunications services. The service provider may deduct and retain 0.75 percent of the total fees collected each month to cover its administrative expenses. Legislation in 2007 modified state law to make clear that all telecommunications providers, including those using newer technologies or formats such as Voice over Internet Protocol (VoIP) or prepaid wireless service, must collect the fee and remit the revenue to the state.

## Filing Requirements

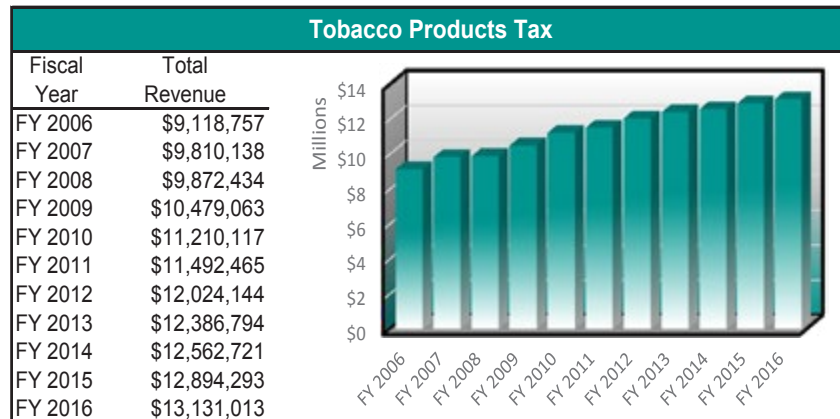
The fee is paid by the subscriber, but is collected and paid to the state by the service provider on a quarterly basis. The tax is due on the last day of the month immediately following the end of the quarter.

## Distribution

The revenue from this fee is deposited in a special revenue account to provide telecommunications devices for persons with hearing disabilities (53-19-311, MCA).

# Tobacco Products Tax

**Statute:** Title 16, Chapter 11, MCA



## Tax Rate

All tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 50 percent of their wholesale price. A tax of \$0.85 per ounce is levied on moist snuff. The taxpayer is allowed a 1.5 percent allowance for administrative expenses. Before May 1, 2003, the tax rate on tobacco products was 12.5 percent. The 2003 Legislature increased the tax on tobacco products to 25 percent of the wholesale price. Then, Montana voters passed Initiative 149 (I-149). This increased the taxes on other tobacco products to 50 percent of the wholesale price and the tax on moist snuff to \$0.85 per ounce. This increase was effective January 1, 2005.

Tobacco Products Tax Rate	
Product	Tax Rate
Moist Snuff	\$0.85 per ounce
All Other Tobacco*	50% of wholesale price
*Excludes Cigarettes	

## Filing Requirements

The tax is collected monthly from the wholesaler. Wholesalers must submit returns to the department on or before the 15<sup>th</sup> day of the month.

## Distribution

After tribal revenue sharing agreements, the revenue from the tobacco products tax is distributed 50 percent to the state general fund and 50 percent to the Department of Public Health and Human Services for health and Medicaid initiatives (16-11-119, MCA).

Distribution of Tobacco Products Tax						
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Total Revenue</b>	<b>\$11,492,465</b>	<b>\$12,024,144</b>	<b>\$12,386,794</b>	<b>\$12,562,721</b>	<b>\$12,894,293</b>	<b>\$13,131,013</b>
Tobacco And Cig. Tribal Agree.	\$537,849	\$605,561	\$681,584	\$703,758	\$782,864	\$763,547
<b>Remainder</b>	<b>\$10,954,616</b>	<b>\$11,418,583</b>	<b>\$11,705,210</b>	<b>\$11,858,963</b>	<b>\$12,111,429</b>	<b>\$12,367,466</b>
General Fund (50%)	\$5,477,308	\$5,709,292	\$5,852,606	\$5,929,482	\$6,055,715	\$6,183,734
DPHHS (50%)	\$5,477,308	\$5,709,291	\$5,852,604	\$5,929,481	\$6,055,714	\$6,183,732

## State Comparison

The tax rates associated with non-cigarette tobacco products vary significantly across the United States. A majority of states place a tax on the wholesale price of non-cigarette related tobacco products, with rates ranging from 6.6 percent of the wholesale price in Tennessee to 95 percent in several states. With a tax of 50 percent on the wholesale price of all non-cigarette and snuff tobacco products, the tax rate in Montana is similar to the national average. However, ten states tax the sale of non-cigarette tobacco products based

## Tobacco Products Tax

on the manufacturer's, or factory list, price.

Montana is also one of several states that places a different tax on the sale of moist snuff. With a tax rate of \$0.85 per ounce, Montana had the seventh highest tax rate in the country. Vermont and Washington have the highest tax on moist snuff at \$2.57 and \$2.105 per ounce respectively.

Other Tobacco Product Taxes by State		
State	Type	Tax Rate
Alabama	Cigars	\$0.03 - \$0.405 Per 10 Cigars
	Tobacco / Snuff	\$0.02 - \$0.08 Per Ounce
Alaska	All Other Tobacco Products	75% Wholesale Price
Arizona	Cigars	\$0.2201 - \$2.18 Per 10 Cigars
	Tobacco / Snuff	\$0.223 Per Ounce
Arkansas	All Other Tobacco Products	68% Manufacturer's Price
California	All Other Tobacco Products	28.13% Wholesale Price
Colorado	All Other Tobacco Products	40% Manufacturer's Price
Connecticut	Snuff	\$1.00 Per Ounce
	All Other	50% Wholesale Price
Delaware	Snuff	\$0.54 Per Ounce
	All Other	15% Wholesale Price
Florida	Tobacco / Snuff	85% Wholesale Price
Georgia	Little Cigars	\$0.025 Per 10 Cigars
	Other Cigars	23% Wholesale Price
	Tobacco	10% Wholesale Price
Hawaii	Large Cigars	50% Wholesale Price
	Tobacco / Snuff	70% Wholesale Price
Idaho	All Other Tobacco Products	40% Wholesale Price
Illinois	Snuff	\$0.30 Per Ounce
	All Other	36% Wholesale Price
Indiana	All Other Tobacco Products	24% Wholesale Price
Iowa	All Other Tobacco Products	50% Wholesale Price
Kansas	All Other Tobacco Products	10% Wholesale Price
Kentucky	All Other Tobacco Products	15% Wholesale Price
Louisiana	Cigars	8% - 20% Manufacturer's Price
	Snuff / Smoking Tobacco	20% - 33% Manufacturer's Price
Maine	Chewing Tobacco / Snuff	\$2.02 Per Ounce
	Smoking Tobacco / Cigars	20% Wholesale Price
Maryland	Tobacco/Snuff	30% Wholesale Price
	Cigars	70% Wholesale Price

## Tobacco Products Tax

### Other Tobacco Product Taxes by State

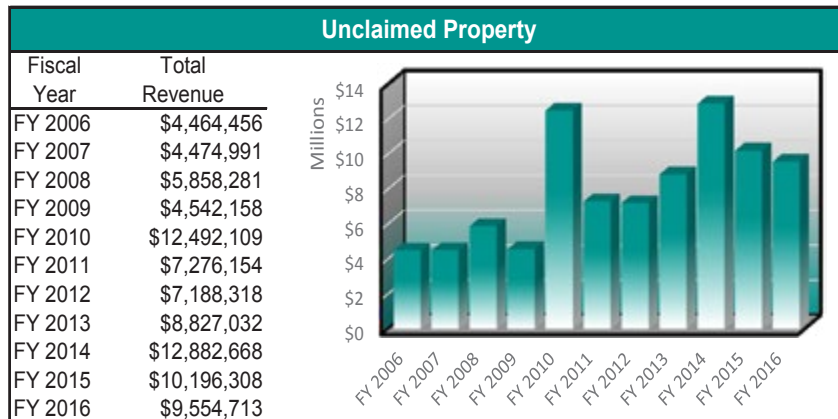
<b>State</b>	<b>Type</b>	<b>Tax Rate</b>
Massachusetts	Smoking Tobacco / Cigars	40% Wholesale Price
Michigan	All Other Tobacco Products	32% Wholesale Price
Minnesota	All Other Tobacco Products	95% Wholesale Price
Mississippi	All Other Tobacco Products	15% Manufacturer's Price
Missouri	All Other Tobacco Products	10% Manufacturer's Price
Montana	Snuff	\$0.85 Per Ounce
	All Other	50% Wholesale Price
Nebraska	Snuff	\$0.44 Per Ounce
	All Other	20% Wholesale Price
Nevada	All Other Tobacco Products	30% Wholesale Price
New Hampshire	All Other Tobacco Products	48% Wholesale Price
New Jersey	Snuff	\$0.75 Per Ounce
	All Other	30% Wholesale Price
New Mexico	All Other Tobacco Products	25% Product Value
New York	Snuff	\$2.00 Per Ounce
	All Other	75% Wholesale Price
North Carolina	All Other Tobacco Products	12.8% Wholesale Price
North Dakota	Cigars and Tobacco	28% Wholesale Price
	Chew Tobacco and Snuff	\$0.16 - \$0.60 Per Ounce
Ohio	All Other Tobacco Products	17% Wholesale Price
Oklahoma	Cigars (Little and Large)	\$1.20 Per 10 Cigars
	Snuff and Tobacco	60% - 80% Factory List Price
Oregon	Snuff	\$1.78 Per Ounce
	All Other Tobacco Products	65% Wholesale Price
Rhode Island	All Other Tobacco Products	80% Wholesale Price
South Carolina	All Other Tobacco Products	5% Manufacturer's Price
South Dakota	All Other Tobacco Products	35% Wholesale Price
Tennessee	All Other Tobacco Products	6.6% Wholesale Price
Texas	Cigar	\$0.01 - \$0.15 Per 10 Cigars
	Tobacco / Snuff	\$1.22 Per Ounce
Utah	Snuff	\$1.83 Per Ounce
	All Other	86% Manufacturer's Price
Vermont	Snuff	\$2.57 Per Ounce
	Cigar	\$20 - \$40 Per 10 Cigars
	All Other	92% Wholesale Price
Virginia	Snuff	\$0.18 Per Ounce
	All Other	10% Manufacturer's Price
Washington	Snuff	\$2.105 Per Ounce
	All Other Tobacco Products	95% Wholesale Price
West Virginia	All Other Tobacco Products	7% Wholesale Price
Wisconsin	All Other Tobacco Products	71% Manufacturer's Price
Wyoming	Snuff	\$0.60 Per Ounce
	All Other	20% Wholesale Price

Source: Federation of Tax Administrators



# Unclaimed Property

**Statute:** Title 70, Chapter 9, Part 8, MCA



Montana is considered a “custodial state,” which means the State of Montana holds any abandoned property on behalf of the rightful owners until the owner claims the property. Under Montana’s Uniform Unclaimed Property Act, any intangible and certain tangible property unclaimed by its owner must be turned over to the Department of Revenue. Intangible and tangible property covered by the act includes such items as money, uncashed checks, drafts, state warrants, uncashed payroll checks, utility deposits, interest dividends or income, savings and checking accounts, safe deposit box contents, credit balances, customer overpayments, gift certificates, unidentified remittances, stocks, bonds and uncashed coupons. The department maintains records on all abandoned property reported in Montana. Reports filed by holders of abandoned property (banks and insurance companies, for instance) may be examined by the public. If the tangible abandoned property is not claimed within three years after the receipt of the property, the State of Montana shall sell the property to the highest bidder at a public sale within the state, with the proceeds from the sale being held on behalf of the owner in the state general fund.

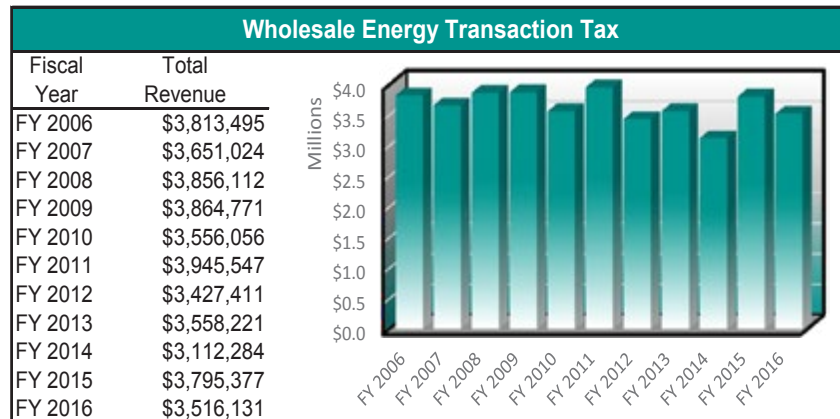
Since 1963, there has been approximately \$135,000,000 worth of unclaimed property turned over to the state. During that time, the department has returned nearly \$48,000,000 of the unclaimed property to its rightful owners.

### Distribution

According to 70-9-813, MCA, all collections over \$100,000 (the amount allocated to the agency refund account) are transferred to the state’s general fund. The refund period for items valued at more than \$50 is unlimited.

# Wholesale Energy Transaction Tax

**Statute:** Title 15, Chapter 72, MCA



## Tax Rate

The wholesale energy transaction tax is levied at a rate of \$0.00015 per kilowatt hour on all electricity transmitted by a transmission service provider in the state. There is also a 5 percent exemption for electricity produced in the state to compensate for transmission line losses.

## Filing Requirements

The tax went into effect on January 1, 2000 and is paid on a calendar quarter basis. Payment is due to the state within 30 days after the close of the quarter.

## Distribution

All payments are deposited into the state general fund (15-72-106, MCA).