

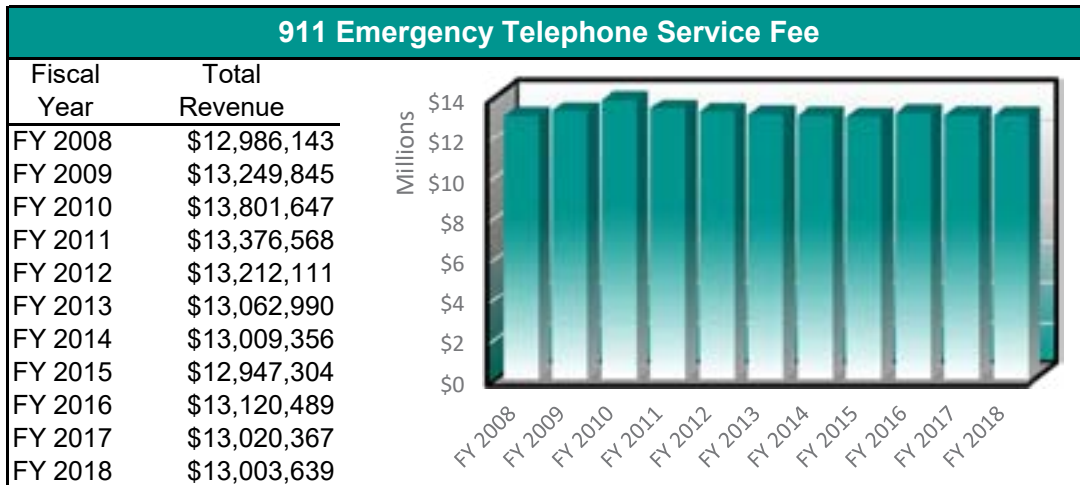
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911 Emergency Telephone System Fee

Statute: Title 10, Chapter 4



Fee Rate

Montana imposes monthly fees totaling \$1.00 per telephone access line to pay for 911 services. The 2017 Legislature changed the structure and use of these fees, beginning in Fiscal Year 2019. Through Fiscal Year 2018, the fee is in three parts: \$0.25 to support basic 911 services, \$0.25 to support enhanced 911 services, and \$0.50 to support wireless enhanced 911 services. Beginning in Fiscal Year 2019, the fee is in two parts, \$0.75 for distribution to local governments that host 911 answering services and \$0.25 to fund a competitive grant program open to telecommunications providers and local governments.

The department is unable to collect the fee on prepaid wireless cellular telephone services sold through third parties, like retail and grocery stores, because providers successfully argued in court that they can not determine where pre-paid cards will be used.

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

The 2017 Legislature changed the distribution of 911 fees, beginning in Fiscal Year 2019. Through Fiscal Year 2018, the department deposited each of the three fees in a separate account, and 2.74 percent of total collections was statutorily appropriated to the Department of Administration to cover its costs of administering the program. Beginning in Fiscal Year 2019, the department is to deposit all the fees in a single account and the Department of Administration will allocate funds to the individual programs. The Department of Administration is appropriated a fixed amount from collections to cover its costs.

Distribution of 911 Fees					
Fund	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Emergency System Acct. (2.74%)	\$356,456	\$354,756	\$359,501	\$356,758	\$356,300
Basic 911 Emergency Program (24.315%)	\$3,163,224	\$3,148,299	\$3,190,248	\$3,165,902	\$3,161,835
Enhanced 911 Phone Program (24.315%)	\$3,163,224	\$3,148,299	\$3,190,248	\$3,165,902	\$3,161,835
Wireless Enhanced 911 Phone Program					
911 Jurisdictions (24.315%)	\$3,163,226	\$3,147,975	\$3,190,245	\$3,165,903	\$3,161,835
Wireless Providers (24.315%)	\$3,163,226	\$3,147,975	\$3,190,245	\$3,165,903	\$3,161,835

911 Emergency Telephone System Fee

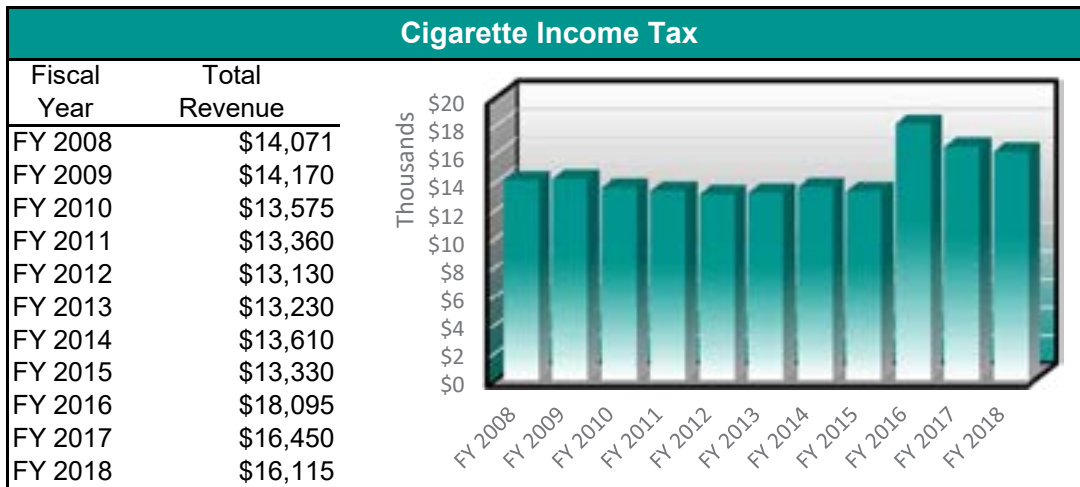
State Comparison

911 services typically are provided by local governments with the cooperation of telecommunications providers. Funding for 911 services comes from fees imposed by state governments, local governments, or both. The following table is based on information from National Emergency Number Association and shows fees for each state. Where a range of fees is shown, it generally indicates that there are varying local fees, sometimes combined with a statewide fee.

911 Emergency Telephone System Fee				
State	Landline	Wireless	Prepaid Wireless	Voice over Internet Protocol
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%	\$0.20
Arkansas	5% to 12%	\$0.65	\$0.65	\$0.65
California	0.75%	0.75%	0.75%	0.75%
Colorado	\$0.43 to \$1.75	\$0.43 to \$1.75	1.5%	\$0.43 to \$1.75
Connecticut	\$0.47	\$0.47	\$0.47	\$0.47
Delaware	\$0.60	\$0.60	\$0.60	\$0.60
District of Columbia	\$0.76	\$0.76	2.0%	\$0.76
Florida	\$0.40	\$0.40 to \$0.44	\$0.40	\$0.40
Georgia	\$1.50	\$1.00	0.75%	\$1.50
Hawaii	\$0.27	\$0.66		\$0.66
Idaho	\$1.00 to \$1.25	\$1.00 to \$1.25	2.5%	\$1.00 to \$1.25
Illinois	\$0.87	\$0.87	3%	\$0.87
Indiana	\$1.00	\$1.00	\$1.00	\$1.00
Iowa	\$1.00	\$1.00	\$0.51	\$1.00
Kansas	\$0.53	\$0.53	1.06%	\$0.53
Kentucky	\$0.36 to \$4.50	\$0.70	\$0.93	\$0.36 to \$4.50
Louisiana	residential: \$0.38 to \$1.25 business: \$0.99 to \$6.00	\$0.85 to \$1.25	4%	\$0.38 to \$1.25
Maine	\$0.45	\$0.45	\$0.45	\$0.45
Maryland	\$1.00	\$1.00	\$0.60	\$1.00
Massachusetts	\$1.00	\$1.00	\$1.00	\$1.00
Michigan	\$0.19 to \$3.19	\$0.19 to \$3.19	1.92%	\$0.19 to \$3.19
Minnesota	\$0.95	\$0.95	\$0.95	\$0.95
Mississippi	residential: \$1.05 Commercial \$2.05	\$1.00	\$1.00	\$1.00
Missouri	varies by county			
Montana	\$1.00	\$1.00		\$1.00
Nebraska	\$0.50 to \$1.00	\$0.45 to \$0.70	1.1%	
Nevada	varies by jurisdiction	varies by jurisdiction		
New Hampshire	\$075	\$075	\$075	\$075
New Jersey	\$0.90	\$0.90		\$0.90
New Mexico	\$0.51	\$0.51		
New York	\$0.35 to \$1.00	\$1.20 to \$1.50		\$0.35
North Carolina	\$0.60	\$0.60	\$0.60	\$0.60
North Dakota	\$1.00 to \$1.50	\$1.00 to \$1.50	2%	\$1.00 to \$1.50
Ohio	\$0.00 to \$0.50	\$0.25	0.5%	
Oklahoma	3% to 15%	\$0.75	\$0.75	\$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	2.5%	\$1.26
South Carolina	\$0.30 to \$1.00	\$0.62	\$0.62	\$0.30 to \$1.00
South Dakota	\$1.25	\$1.25	2%	\$1.25
Tennessee	\$1.16	\$1.16	\$1.16	\$1.16
Texas	\$0.50 state + varying local	\$0.50	2%	\$0.50 state + varying local
Utah	\$0.76	\$0.76	1.9%	\$0.76
Vermont		funded through universal service fund		
Virginia	\$0.75	\$0.75	\$0.50	\$0.75
Washington	\$0.95	\$0.95	\$0.95	\$0.95
West Virginia	\$0.98 to \$6.40	\$3.00	6%	\$0.98 to \$6.40
Wisconsin	\$0.16 to \$0.43			
Wyoming	\$0.25 to \$0.75	\$0.25 to \$0.75	1.5%	\$0.25 to \$0.75

Cigarette License Fee

Statute: 16-11-122, MCA



Fee Rate

Sellers of tobacco, alternative nicotine, and vapor products in Montana are required to have a license from the state and to renew the license annually. The fee is \$50 for wholesalers, who buy products from manufacturers and attach tax stamps, sub-jobbers, who buy tax-stamped products for resale, and vendors who operate 10 or more vending machines. For retailers and vendors with nine or fewer vending machines, the fee is \$5. The sale of alternative nicotine and vapor products requires a separate license with an annual fee of \$5.

Cigarette License Fee Schedule	
<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

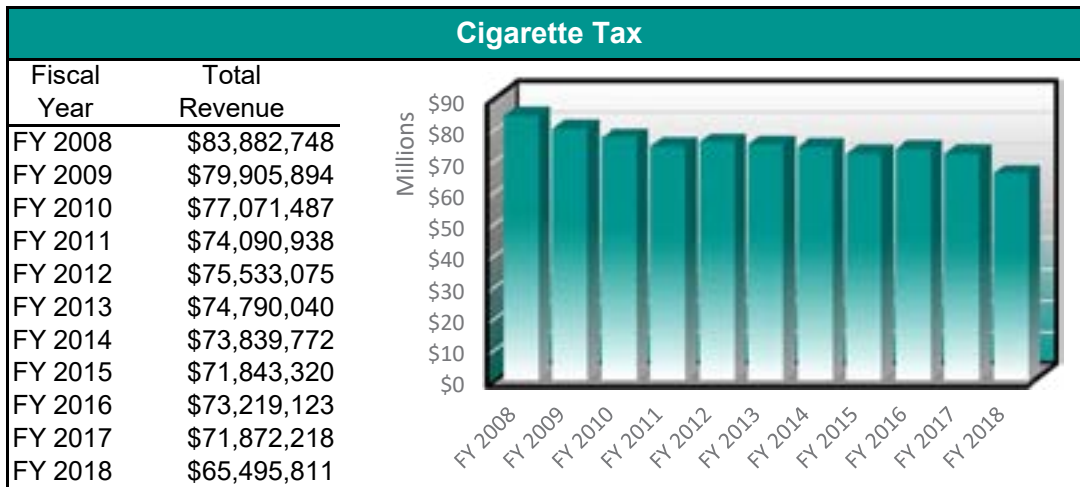
Licenses must be renewed annually by the anniversary date.

Distribution

Revenues from the license fees are deposited in the state General Fund (16-11-124, MCA). Cigarette enforcement activities of the department and the Department of Justice are funded by an appropriation from the General Fund, rather than directly by fees.

Cigarette Tax

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



Tax Rate

Cigarettes and small cigars that resemble cigarettes are subject to a tax of \$1.70 per pack of 20. If they are sold in a different size package, the tax is \$0.085 per cigarette.

The 2003 Legislature increased the rate from \$0.18 to \$0.70 effective May 1, 2003. In 2004, voters approved an initiative, I-149, which increased the rate to its current level.

Filing Requirements

The tax is paid by wholesalers, who must affix a tax insignia to each package of cigarettes to indicate the tax has been paid. Wholesalers purchase tax stamps from the department. Wholesalers purchase tax insignia at a small discount to reimburse them for their costs of affixing insignias and collecting the tax.

Distribution

Federal law reserves for the tribes the right to tax cigarettes sold to tribal members on their reservations. To avoid problems with non-members trying to avoid the tax by buying cigarettes on a reservation, Montana has entered into revenue sharing agreements with the tribal government of most reservations. The agreement with the Confederated Salish and Kootenai Tribes provides for a fixed number of tax-free cigarettes to be sold to retailers on the Flathead Reservation. These agreements provide for a refund of tax on a fixed number of cigarettes sold to retailers on each reservation and for each tribe to receive a share of revenue from the tax.

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

- The Department of Revenue to pay its cost of purchasing tax stamps.
- Department of Public Health and Human Services for maintenance and operation of state veterans' nursing homes. The larger of:
 - 8.3 percent of revenues, or
 - \$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

Cigarette Tax

Distribution of Cigarette Tax					
Fund	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total Revenue	\$73,839,772	\$71,843,320	\$73,219,123	\$71,872,218	\$65,495,811
Tobacco and Cig. Tribal Agreement	\$4,083,458	\$4,407,522	\$4,254,158	\$4,115,751	\$3,929,686
Remainder	\$69,756,313	\$67,435,798	\$68,964,965	\$67,756,467	\$61,566,125
State Veterans' Home (8.3%)	\$5,789,774	\$5,597,171	\$5,724,092	\$5,623,787	\$5,107,968
SW State Veterans' Home (1.2%)	\$837,076	\$809,230	\$0	\$0	\$0
Long Range Building Program (2.6%)	\$1,813,664	\$1,753,331	\$1,793,089	\$1,761,668	\$1,600,087
DPHHS-Medicaid Initiatives (44%)	\$30,692,778	\$29,671,751	\$30,344,584	\$29,812,846	\$27,078,385
General Fund (remainder)	\$30,623,022	\$29,604,315	\$31,103,199	\$30,558,167	\$27,755,344

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

State Comparison

All states have a state cigarette tax. Five states allow local jurisdictions to impose an additional tax. The following tables show state, local, and combined cigarette taxes as of January 1, 2018.

The range of taxes is very wide, from \$0.21 in parts of Missouri to over \$6 in parts of Illinois. Twenty-two states have taxes that are higher than Montana's, 27 have taxes that are lower than Montana's, and one has the same tax rate as Montana.

State	Cigarette Excise Tax Rates		
	State	Local	Total
Alabama	\$0.68	\$0.01 to \$0.25	\$0.685 to \$0.925
Alaska	\$2.00		\$2.00
Arizona	\$2.00		\$2.00
Arkansas	\$1.15		\$1.15
California	\$2.87		\$2.87
Colorado	\$0.84		\$0.84
Connecticut	\$4.35		\$4.35
Delaware	\$2.10		\$2.10
Florida	\$1.34		\$1.34
Georgia	\$0.37		\$0.37
Hawaii	\$3.20		\$3.20
Idaho	\$0.57		\$0.57
Illinois	\$1.98	\$0.1 to \$4.18	\$2.08 to \$6.16

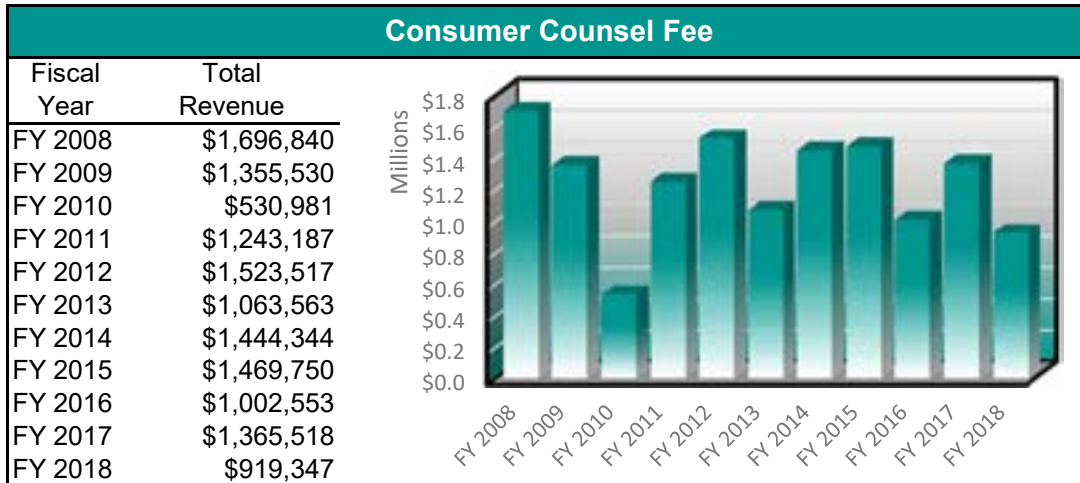
Cigarette Tax

Cigarette Excise Tax Rates			
State	Tax (\$ per Pack)		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Indiana	\$1.00		\$1.00
Iowa	\$1.36		\$1.36
Kansas	\$1.29		\$1.29
Kentucky	\$0.60		\$0.60
Louisiana	\$1.08		\$1.08
Maine	\$2.00		\$2.00
Maryland	\$2.00		\$2.00
Massachusetts	\$3.51		\$3.51
Michigan	\$2.00		\$2.00
Minnesota	\$3.61		\$3.61
Mississippi	\$0.68		\$0.68
Missouri	\$0.17	\$0.04 to \$0.07	\$0.21 to \$0.24
Montana	\$1.70		\$1.70
Nebraska	\$0.64		\$0.64
Nevada	\$1.80		\$1.80
New Hampshire	\$1.78		\$1.78
New Jersey	\$2.70		\$2.70
New Mexico	\$1.66		\$1.66
New York	\$4.35	\$0 to \$1.5	\$4.35 to \$5.85
North Carolina	\$0.45		\$0.45
North Dakota	\$0.44		\$0.44
Ohio	\$1.60		\$1.60
Oklahoma	\$1.03		\$1.03
Oregon	\$1.33		\$1.33
Pennsylvania	\$2.60		\$2.60
Rhode Island	\$4.25		\$4.25
South Carolina	\$0.57		\$0.57
South Dakota	\$1.53		\$1.53
Tennessee	\$0.67	\$0.01	\$0.68
Texas	\$1.41		\$1.41
Utah	\$1.70		\$1.70
Vermont	\$3.08		\$3.08
Virginia	\$0.30		\$0.30
Washington	\$3.03		\$3.03
West Virginia	\$1.20		\$1.20
Wisconsin	\$2.52		\$2.52
Wyoming	\$0.60		\$0.60
District of Columbia	\$2.94		\$2.94

Source: Federation of Tax Administrators

Consumer Counsel Fee

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



Fee Rate

All companies that are regulated by the Public Service Commission are assessed a fee to cover the operation of the Consumer Counsel, which represents consumers in proceedings before the Public Service Commission. The fee is a percentage of gross revenue from regulated activities. The rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel.

Consumer Counsel Fee Rates	
Tax Year	Rate
10/1/2006 - 9/30/2007	0.060%
10/1/2007 - 9/30/2008	0.140%
10/1/2008 - 9/30/2009	0.080%
10/1/2009 - 9/30/2010	0.030%
10/1/2010 - 9/30/2011	0.110%
10/1/2011 - 9/30/2012	0.120%
10/1/2012 - 9/30/2013	0.070%
10/1/2013 - 9/30/2014	0.110%
10/1/2014 - 9/30/2015	0.100%
10/1/2015 - 9/30/2016	0.060%
10/1/2016 - 9/30/2017	0.100%
10/1/2017 - 9/30/2018	0.046%

Filing Requirements

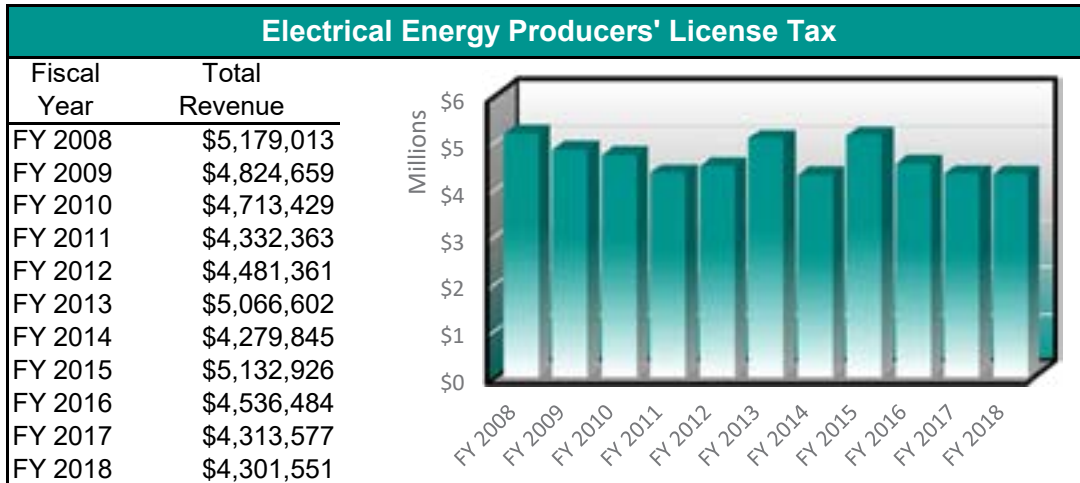
All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue. The fee is due within 30 days after the end of each quarter.

Distribution

All collections are deposited in a state special revenue account for the operation of the Office of the 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

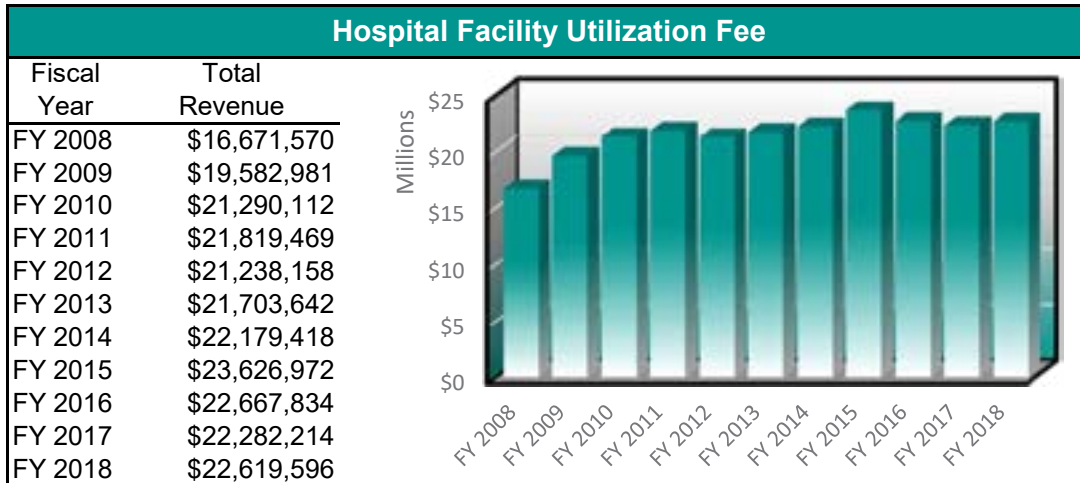
Businesses that produce electrical energy pay the electrical energy producers' license tax. The businesses must remit the license tax each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA).

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.

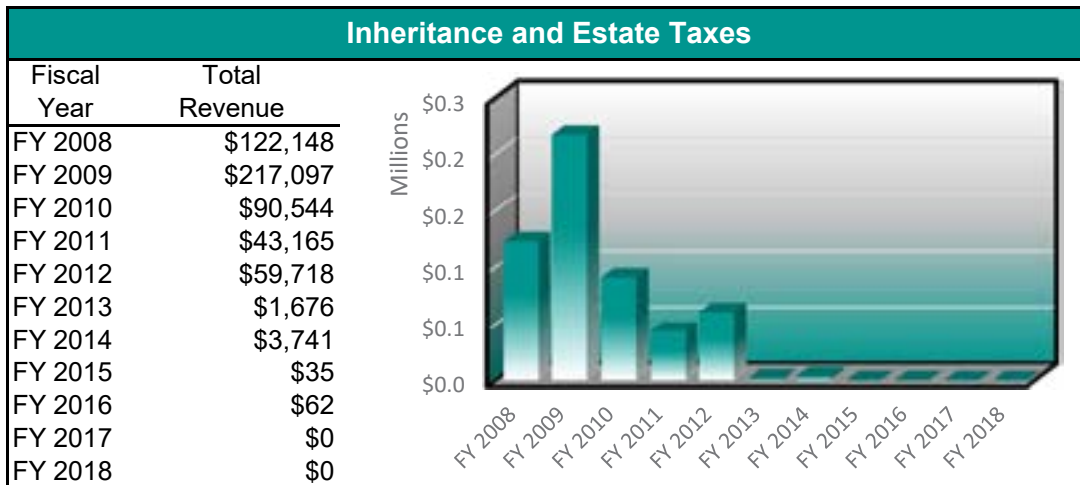
Hospital Facility Utilization Fee Schedule	
<u>Fee Applies to This Period</u>	<u>Fee Per Inpatient Bed Day</u>
January 1, 2004 - June 30, 2005	\$19.43
July 1, 2005 - December 31, 2005	\$29.75
January 1, 2006 - June 30, 2007	\$27.70
July 1, 2007 - December 31, 2007	\$47.00
January 1, 2008 - December 31,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

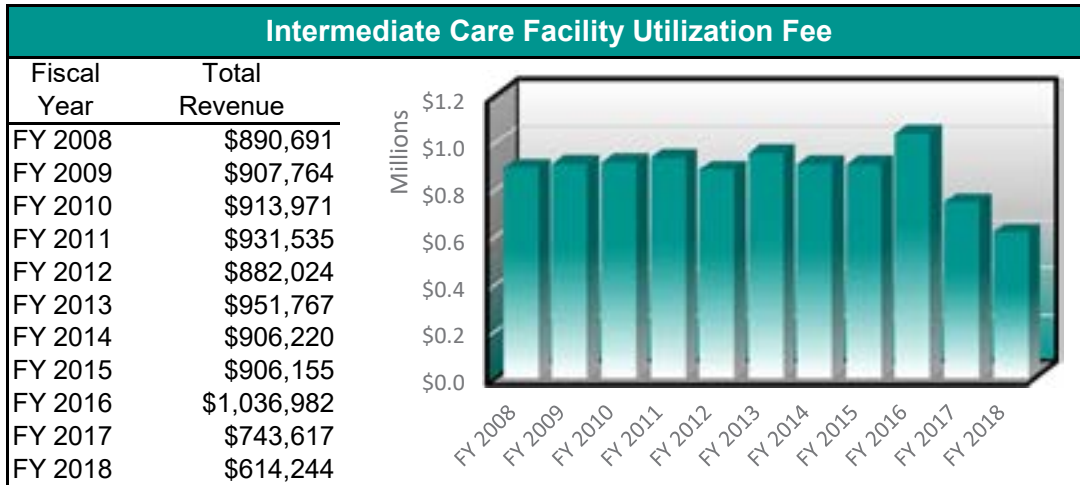
No Montana tax applies to the estates of people who died after January 1, 2005. All revenue received in Fiscal Year 2006 through Fiscal Year 2018 is from the estates of people who died before the end of 2004. The state continues to receive small amounts of revenue because it sometimes takes years for 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 per bed-day 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

Reports and payments are due quarterly, by the end of the month following each quarter.

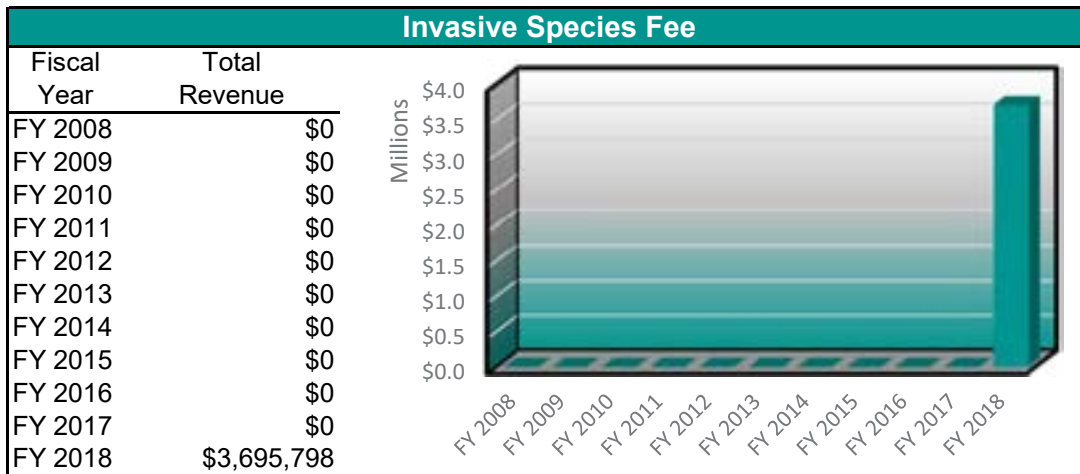
Distribution

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 2014	FY 2015	FY 2016	FY 2017	FY 2018
General Fund (30%)	\$271,866	\$271,846	\$311,095	\$223,085	\$184,273
Prevention & Stabilization (70%)	\$634,354	\$634,308	\$725,888	\$520,532	\$429,971

Invasive Species Fee

Statute: Title 15, Chapter 72, Part 6, MCA



The 2017 legislature created temporary fees on hydroelectric power to fund programs to prevent the spread of invasive aquatic species. These fees apply from July 1, 2017 through June 30, 2019. Owners of hydroelectric generating facilities of more than 1.5 megawatts of capacity are to pay a quarterly fee of \$795.76 per megawatt of nameplate capacity.

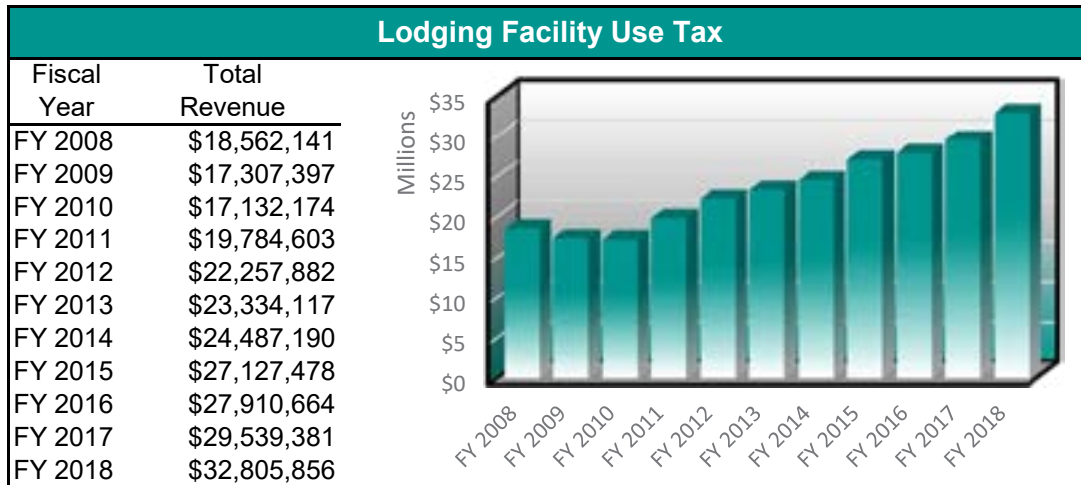
Utilities that do not own hydroelectric facilities but that receive more than 50 percent of their power from federally-owned hydroelectric facilities are to pay a flat fee based on the utility's 2015 power sales. The fee is approximately \$0.0002314 per kilowatt-hour.

Filing Requirements: Reports and payment are due within 30 days of the end of each quarter.

Distribution: Revenue from the Invasive Species Fee is deposited in the Invasive Species State Special Revenue Account.

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 Fiscal Year 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
 - 64.4 percent of revenues
- State-Tribal Economic Development Commission for tourism promotion
 - 0.5 percent of revenues

Lodging Facility Use Tax

- 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 Sriver sculpture collection
 - 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.

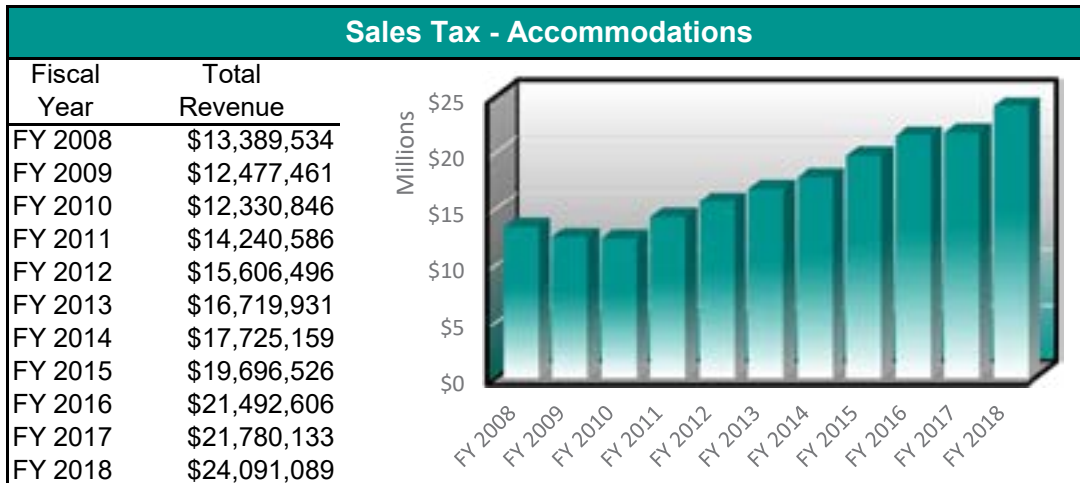
The 2011 Legislature (HB 477) created the 2.6 percent allocation to the Historical Society and the 2017 Legislature (SB 309) created the 0.5% allocation to the State-Tribal Economic Development Commission. In both cases, the Legislature reduced the Department of Commerce's allocation by the same percentage.

Distribution of Lodging Facility Use Tax

<u>Fund</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Total Revenue	\$24,487,190	\$27,127,478	\$27,910,664	\$29,539,381	\$32,805,856
DOR Administration	\$144,317	\$147,793	\$147,821	\$147,821	\$127,958
Travel Reimbursements	\$152,886	\$127,527	\$113,724	\$150,713	\$144,524
MT Heritage Preservation Acct.	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Remainder	\$23,789,987	\$26,452,158	\$27,249,119	\$28,840,846	\$32,133,373
Department of Commerce	\$15,439,702	\$17,167,451	\$17,684,678	\$18,717,710	\$20,692,675
MT Historical Soc. Sites & Signs	\$237,900	\$264,522	\$272,491	\$288,409	\$321,326
MT University System	\$594,750	\$661,304	\$681,228	\$721,019	\$803,311
MT Historical Soc. Interpret. Acct.	\$618,540	\$687,756	\$708,477	\$749,863	\$835,444
Fish, Wildlife, and Parks	\$1,546,350	\$1,719,390	\$1,771,193	\$1,874,655	\$2,088,605
Regional Tourism	\$5,352,747	\$5,951,736	\$6,131,052	\$6,489,191	\$7,229,801
State/Tribal Economic Development	\$0	0	\$0	\$0	\$161,278

Lodging Sales Tax

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

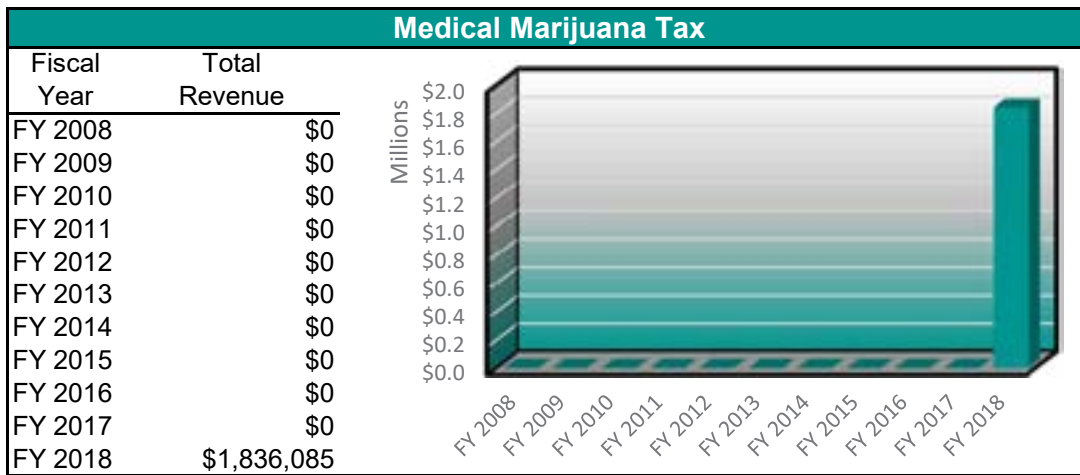
The sales tax is imposed on the purchaser, and collected and paid by the seller to the department. The tax is due on or before the last day of the month immediately following the end of the quarter. The seller who files a return and pays the tax on time is allowed to keep 5 percent of the tax collected, 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 revenue from the Lodging Sales Tax is deposited in the state General Fund (15-68-820, MCA).

Medical Marijuana Tax

Statute: Title 15, Chapter 64, MCA



Tax Rate

The 2017 Legislature enacted a tax on medical marijuana sales as part of a revision of the regulation of medical marijuana. From July 1, 2017 through June 30, 2018, the tax was 4 percent of gross sales. Beginning July 1, 2018, the tax is 2 percent of gross sales.

Filing Requirements

The tax is due quarterly. Returns and payment are due within 15 days of the end of each quarter.

Distribution

All revenue from the medical marijuana tax is deposited in the medical marijuana account to be used by the Department of Public Health and Human Services to pay its costs of regulating medical marijuana.

The table on the next page shows a state comparison of marijuana taxes.

Medical Marijuana Tax

State Taxation of Marijuana

States Where Marijuana is Legal for Medical Use Only

Arizona	Subject to general sales tax
Arkansas	Subject to general sales tax and 4% tax on gross receipts
Connecticut	Subject to general sales tax
Delaware	None
District of Columbia	Subject to sales tax at special rate of 6%
Florida	None
Hawaii	Subject to general sales tax
Illinois	Subject to general sales tax at 1% rate for medicine. Tax of 7% on growers.
Iowa	Just legalized, tax treatment not clarified yet
Louisiana	Just legalized, tax treatment not clarified yet
Maryland	None
Michigan	Subject to general sales tax and 3% tax on grower's gross receipts.
Minnesota	None
Montana	Excise tax of 2%.
New Hampshire	None
New Jersey	Subject to general sales tax
New Mexico	Subject to general sales tax
New York	Excise tax of 7%
North Dakota	Just legalized, tax treatment not clarified yet
Ohio	Subject to general sales tax
Pennsylvania	Growers subject to 5% gross receipts tax.
Rhode Island	Subject to general sales tax and 4% surcharge on providers.
Vermont	None
West Virginia	Gross receipts tax of 10% on sales by grower or processor.

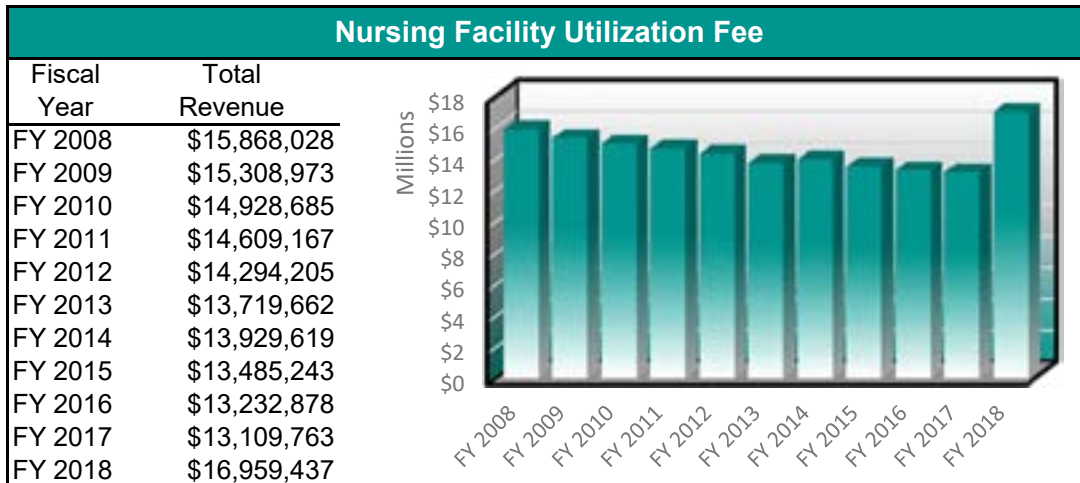
States Where Marijuana is Legal for Medical and Non-Medical Use

Alaska	Tax on sales by grower to retailer or manufacturer. Rate \$50 per ounce for buds and flowers, \$15 per ounce for other parts of plant. Non-medical use subject to general sales tax. Medical use exempt.
California	Excise tax of 15% on retail sales, and tax on sales by grower to distributor or manufacturer of \$9.25 per ounce of flowers and \$2.75 per ounce of leaves.
Colorado	Non-medical use subject to 15% excise tax on retail sales and 15% grower tax on sales to retailer or manufacturer. Medical use subject to general sales tax
Maine	Non-medical use subject to sales tax at special rate of 10%. Medical use subject to general sales tax.
Massachusetts	Non-medical use subject to 10.75% excise tax and general sales tax. Medical use exempt.
Nevada	Non-medical use is subject to 10% excise tax. Growers pay 15% excise tax on wholesale sales.
Oregon	Non-medical use is subject to 17% excise tax. Medical use exempt.
Washington	Subject to general sales tax and excise tax of 37%.

Source: Benda, Jennifer and Jacob Mills. 2018. Cannabis Industry State Tax Guide. Fox Rothschild LLP.

Nursing Facility Utilization Fee

Statute: Title 15, Chapter 60, MCA



Tax Rate

All nursing homes licensed by the Department of Public Health and Human Services and the Montana Mental Health Nursing Care Center must pay a fee for each bed-day of services provided to a resident. For Fiscal Year 2007 through Fiscal Year 2017, the fee was \$8.30. The 2017 Legislature (HB 618) increased the fee, to \$11.30 for Fiscal Year 2018, and to \$15.30 beginning in Fiscal Year 2019.

Filing Requirements

The fee is due quarterly. Reports and payments are due on or before the last day of the month following the end of each quarter.

Distribution

Proceeds from the fee are to be used to fund the state share of Medicaid payments to nursing homes.

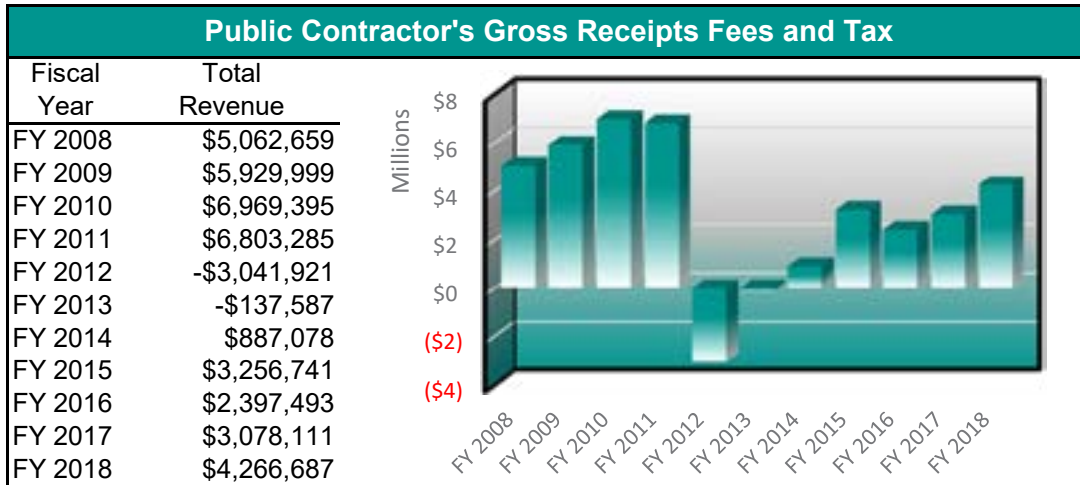
For all facilities, other than the Montana Mental Health Nursing Care Center, \$2.80 is distributed to the General Fund and the remainder is distributed to the Nursing Facility Utilization Fee Account (15-60-102, MCA).

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).

Distribution of Nursing Facility Utilization Fees					
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Non-Montana Mental Health Nursing Care Center Facilities					
General Fund	\$4,615,142	\$4,455,861	\$4,370,397	\$4,328,823	\$4,114,818
Nursing Facility Util. Acct. Fee	\$9,067,461	\$8,754,519	\$8,586,606	\$8,504,924	\$12,491,167
Montana Mental Health Nursing Care Center Facilities					
General Fund (30%)	\$74,105	\$82,459	\$82,763	\$82,805	\$106,036
Prevention and Stabilization Fee (70%)	\$172,911	\$192,404	\$193,113	\$193,212	\$247,417

Public Contractor's Gross Receipts Fees and Tax

Statute: Title 15, Chapter 50, MCA.



Tax Rate

The Public Contractor's Gross Receipts Tax equals 1 percent of the gross receipts from state, local government or federal construction contracts, other than construction of a federal research facility. The tax applies both to prime contractors and subcontractors. Contracts with a value of \$5,000 or less are exempt.

Filing Requirements

Contractors are required to file a registration form with the department at the time they are awarded a contract. The agency awarding the contract is required to withhold the tax and submit it to the department within 30 days of any payment to the contractor. The prime contractor is required to withhold the tax from payments to subcontractors and file a report with the department within 30 days.

Refunds of the Tax

The purpose of the Public Contractor's Gross Receipts Tax is to provide an incentive for out-of-state contractors to pay other taxes they owe, not to raise revenue directly. Contractors who pay corporate or individual income tax may use their contractor's gross receipts tax payments as credits against those taxes.

Contractors who have paid property taxes and vehicle fees may request a refund of their contractor's gross receipts tax payments up to the amount of these taxes and fees. Alternatively, a contractor may use their contractor's gross receipts tax payments as a credit against individual or corporate income tax. A contractor may also claim a refund for property taxes and vehicle fees and use any contractor's gross receipts tax payments over this amount as an income tax credit.

Refunds for property taxes and vehicle fees must be for the same year that the contractor's gross receipts tax was paid. Corporate and individual income tax credits can be carried forward for up to 5 years.

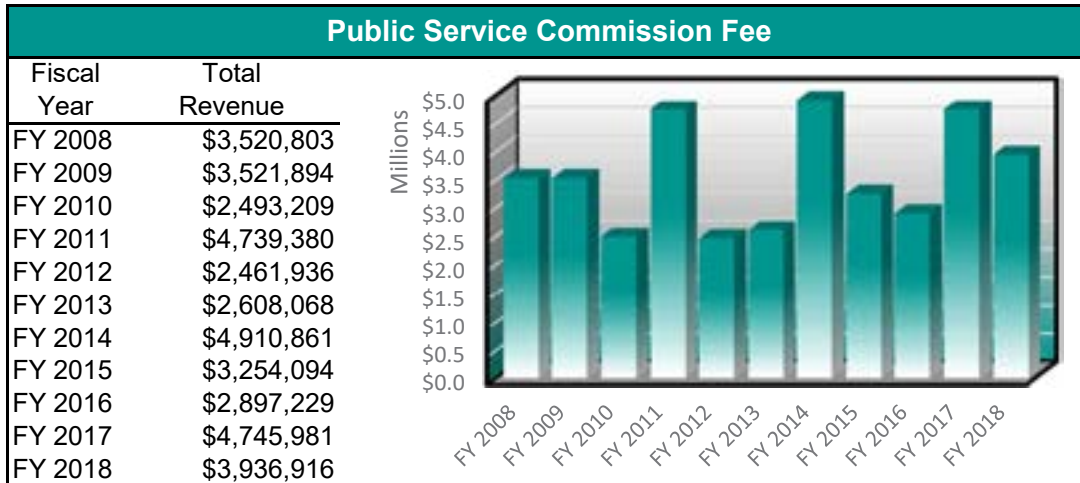
In most years, tax payments are greater than refunds and credits, so that there is net revenue from the tax. In Fiscal Year 2012 and Fiscal Year 2013, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. There were two reasons for this. In those years, contractors were claiming credits from work on federal Reinvestment and Recovery projects in earlier years while new contracts had returned to a normal level. At the same time, upgrades to the department's data processing systems allowed the department to clear a backlog of pending refunds.

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, other than motor carriers, are subject to a tax on gross operating revenue from final sales. Revenues from sales for resale to other regulated companies is 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.

Public Service Commission Fee Rates	
Effective Dates	Rate
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%
Oct. 2017 - Sept. 2018	0.24%

Filing Requirements

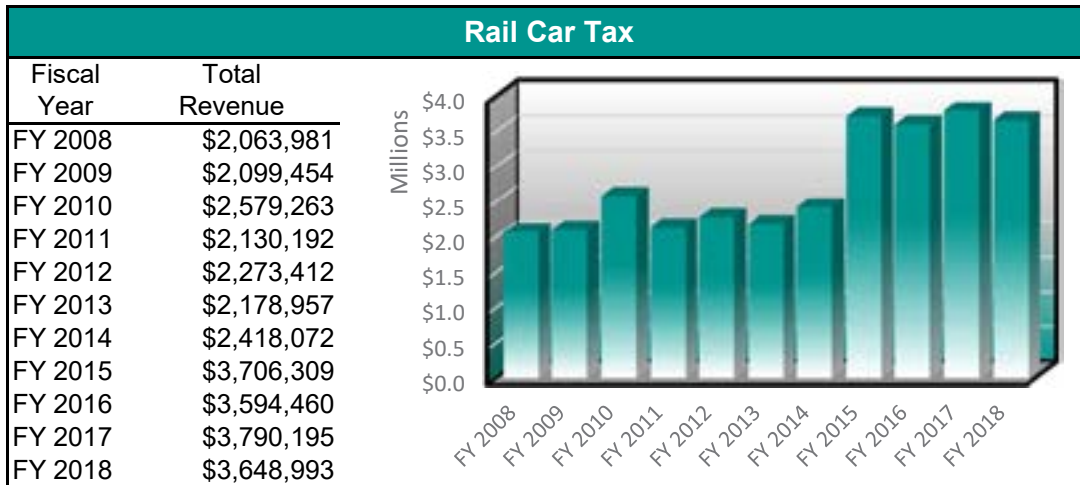
Taxpayers must file and pay the tax within 30 days of the end of each calendar quarter.

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

A railroad car company owns, operates or furnishes rail cars but does not own or operate tracks. Since rail cars have no fixed location, property tax on rail car companies is collected by the state rather than at the local level.

The market value of rail car property is centrally assessed by the department. It is based on the value of the company's rolling stock and the fraction of its car-miles traveled in Montana. The taxable value is calculated using the rate for railroad property, which is calculated annually as the average rate applied to non-railroad commercial and industrial property. Tax is calculated by multiplying the taxable value by the average of mill levies applied to commercial and industrial property.

The legislature changed taxation of rail car companies from a gross receipts tax to an *ad valorem* tax in the 1992 special session. The 1997 Legislature temporarily lowered the mill levy applied to rail car companies to 95 percent of the average mill levy. This change expired at the end of 2002.

Filing Requirements

Rail car companies are required to file a report by April 15 of each year, which gives the number and cost of rail cars owned at the end of the previous year, and the number of car miles traveled inside and outside Montana.

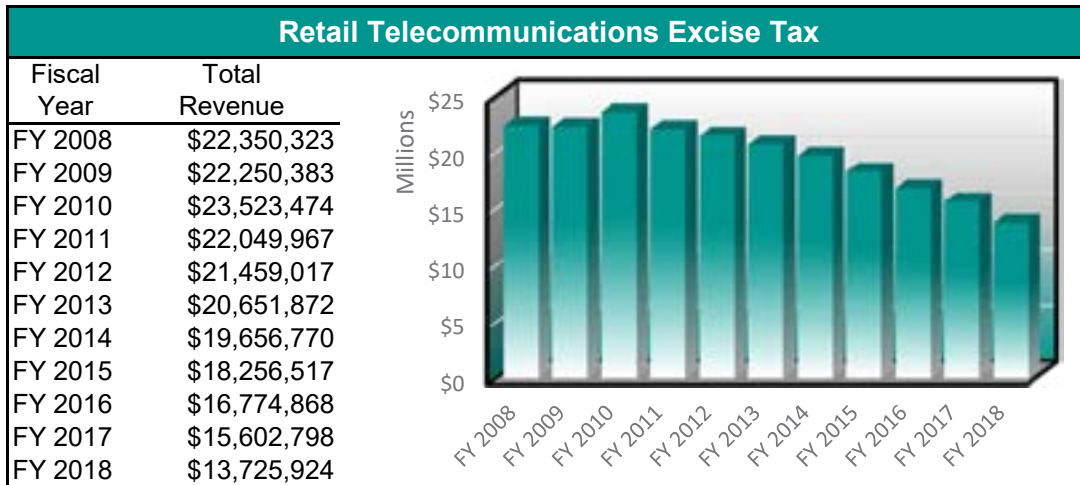
The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30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

The Retail Telecommunications Excise Tax is a tax of 3.75 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana. The tax applies to both landline service and traditional mobile service but does not apply to prepaid wireless service purchased through a third party, such as pre-paid phone cards purchased at a grocery store or other retailer.

Prior to 2000, Montana levied a telephone company license tax of 1.8 percent on the gross revenue telephone companies earned from in-state telephone calls. The 1999 Legislature replaced it with the current tax as part of legislation that also reduced property taxes on telephone company property.

Filing Requirements

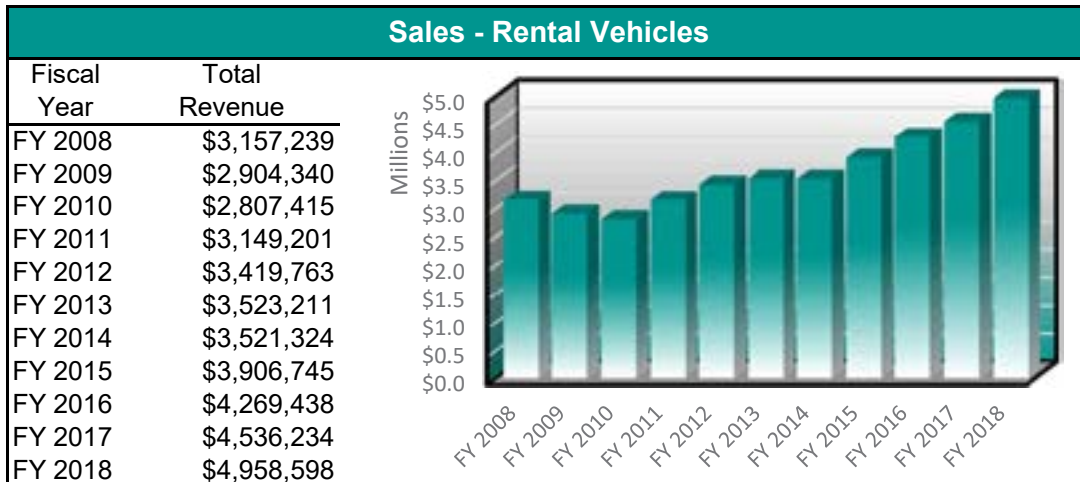
Each retail telecommunication service provider must file a quarterly return due 60 days after the end of the quarter.

Distribution

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

Sales Tax - 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 1 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 each 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.

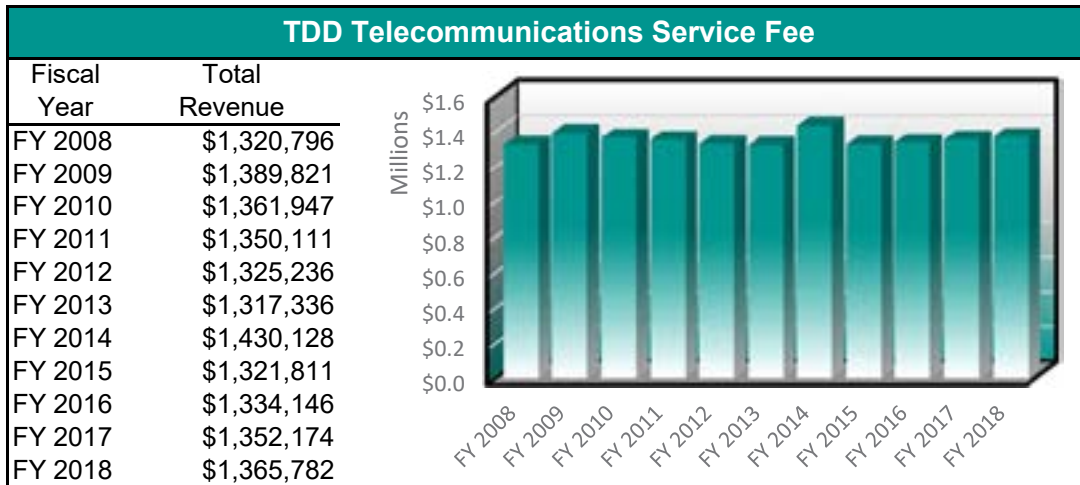
Distribution

Before 2016, all rental vehicle sales tax revenue was deposited into the state's General Fund. Beginning with calendar year 2016, rental vehicle sales tax revenue is distributed as follows (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: Title 53, Chapter 19, Part 3, MCA



Fee Rate

A monthly fee of \$0.10 is assessed on each access line in the state to fund telecommunications services for individuals with disabilities that prevent them from using regular telecommunications services. Service providers are to include the fee in customers' bills or in the price charged for pre-paid service. A service provider may deduct and retain 0.75 percent of the total fees collected each month to cover its administrative expenses. Legislation in 2007 clarified 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

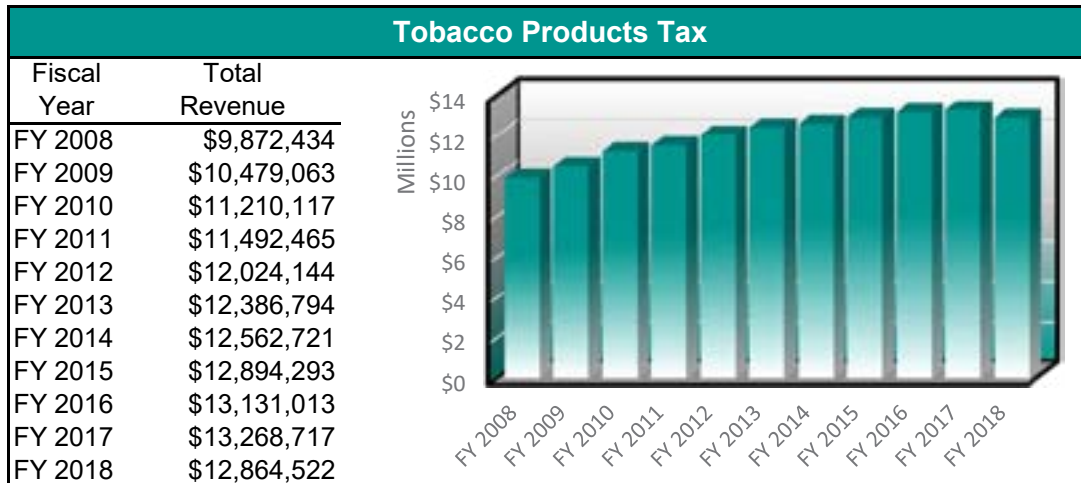
The fee is paid by the subscriber, but is collected and paid to the state by the service provider on a quarterly basis. Returns and payments are due on the last day of the month immediately following the end of each quarter.

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 15th 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					
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Total Revenue	\$12,562,721	\$12,894,293	\$13,131,013	\$13,268,717	\$12,864,522
Tobacco And Cig. Tribal Agreement	\$703,758	\$782,864	\$763,547	\$775,495	\$749,454
Remainder	\$11,858,963	\$12,111,429	\$12,367,466	\$12,493,223	\$12,115,068
General Fund (50%)	\$5,929,482	\$6,055,715	\$6,183,734	\$6,246,612	\$6,057,534
DPHHS (50%)	\$5,929,481	\$6,055,714	\$6,183,732	\$6,246,611	\$6,057,534

Tobacco Products Tax

State Comparison

All states place a tax on non-cigarette tobacco products. In most states, the tax is based on the wholesale price. Twelve states base the tax on another price, usually the manufacturer's price. Four states base their tax on the quantity of product, rather than its value, and 20 states, including Montana, have separate quantity-based taxes on at least one product, most often snuff.

Tax rates vary significantly across the United States, ranging from 6.6 percent of the wholesale price in Tennessee to 95 percent in Minnesota and Washington. The average of state rates is 43.1%.

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

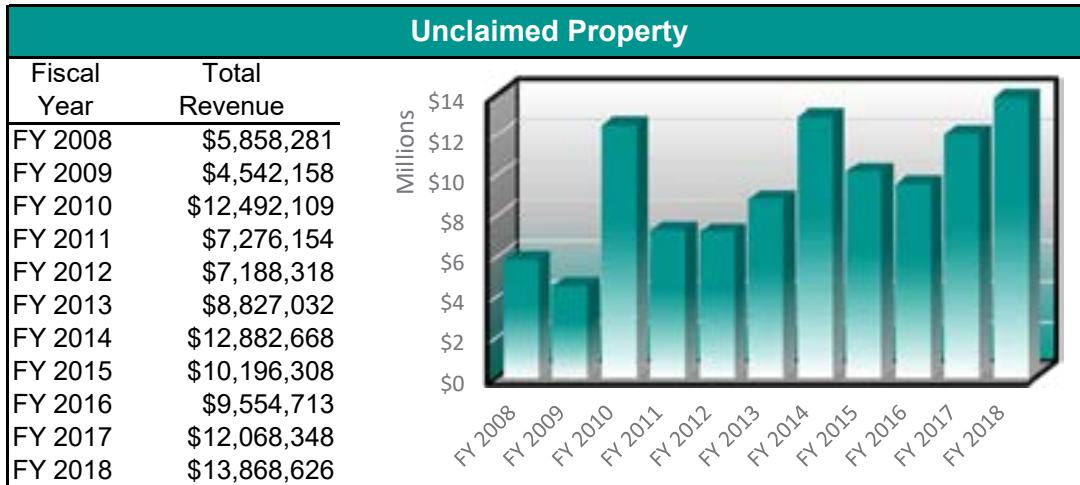
Tobacco Products Tax

Other Tobacco Product Taxes by State		
<u>State</u>	<u>Type</u>	<u>Tax Rate</u>
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
Virginia	All Other	92% Wholesale Price
	Snuff	\$0.18 Per Ounce
Washington	All Other	10% Manufacturer's Price
	Snuff	\$2.105 Per Ounce
West Virginia	All Other Tobacco Products	95% Wholesale Price
Wisconsin	All Other Tobacco Products	7% Wholesale Price
Wyoming	Snuff	71% Manufacturer's Price
	All Other	\$0.60 Per Ounce
		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 3 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.

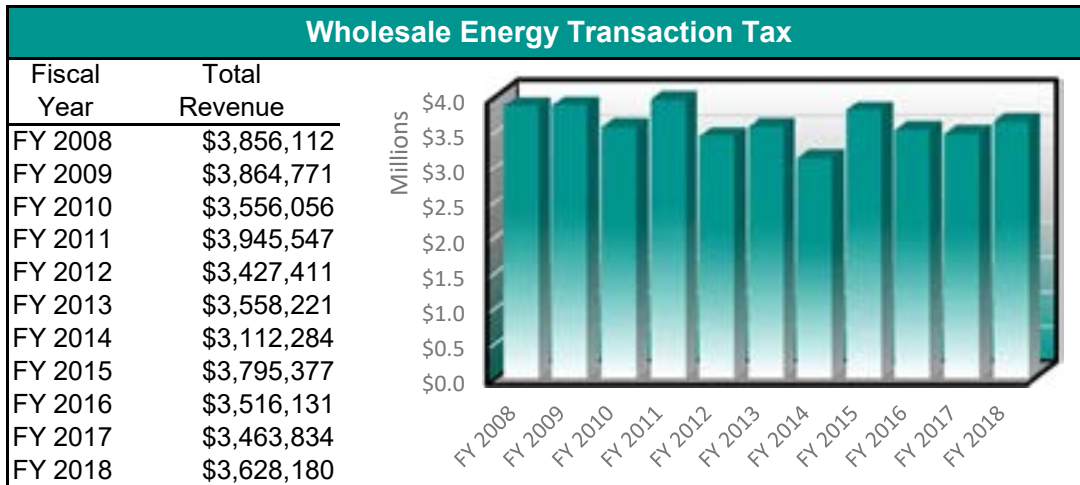
Since 1963, there has been approximately \$135,000,000 worth of unclaimed property turned over to the state. During that time, the department has returned nearly \$48,000,000 of the unclaimed property to its rightful owners.

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).

