

Resort Tax Philipsburg

*for the Philipsburg Chamber of
Commerce 2024*

- There are 5 resort tax **communities** currently in Montana.
- West Yellowstone, Whitefish, Virginia City, Red Lodge, and Columbia Falls.
- There are 6 resort tax **areas or districts.**
- Big Sky, Gardiner, Wolf Creek, St. Regis, Red Lodge Mountain, Craig, and Cooke City.



Several states allow these local option taxes, including Idaho and Wyoming.

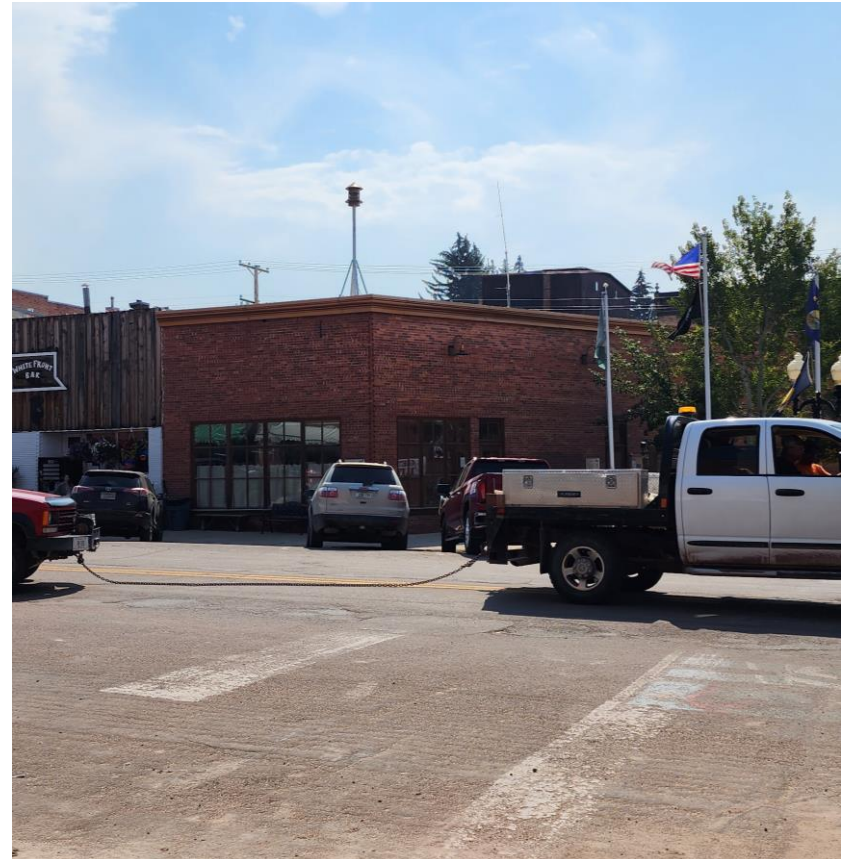
The Montana legislature allows for resort local option taxes, within certain limits.

- The population must be less than 5,500, and a min of 5% must go back to the communities as property tax relief.
 - The community votes to allow for the local tax.
- The local tax is collected by the local Town. **A specific board then advises the Town. Wrong ! This applies to resort AREAS and that ADVISORY BOARD reports to their County.**
 - The amount of allowed tax is 3% plus another recently added 1%.



Why ?

- Most of the Town Budget, in round figures, is made up of sewer and water rates from the rate payers. (
- Approximately 20% of the budget comes from property taxes.
- $800,000 + 300,000 = 1.1$ Million
- That 1.1 M goes to pay town staff, purchase capital equipment, and purchase other equipment such as pipes, fire hydrants, gravel, magnesium chloride, computers and more.



Philipsburg's infrastructure is reaching the end of its lifespan.

- Repair vs replace. The photo is the water tank. Locally known as the 'new' water tank, it is 32 years old.
- Modern regulations require infrastructure to deliver public drinking water and discharge sewer effluent into Flint Creek. Rising costs along with additional infrastructure make financing these large projects difficult to impossible with the current revenue for the Town.
- The sewer lagoons in the far right of this photo are under a regulatory action to clean up the discharge. The total costs of this project are about 7 M.
- Drinking water came under a regulatory action in August of 2023. Estimated costs are not readily available but start at around 15 M, at the low end.



Pilot unit test Drinking Water Summer 2023

The Town has been exploring methods to provide filtration for drinking water. Filtration is a standard method for providing public drinking water supply.

The thing that makes Philipsburg unusual is that we have a 'surface water filtration waiver'. These waivers, from the DEQ, have been slowly disappearing as towns in Montana have moved to filtration.

This is a test of a nano filtration system which could prove to be less expensive than standard municipal drinking water filtration systems. Or not.

What happens if a public drinking water supply is unable to meet water quality regulations ????

This is difficult to predict, but one thing that is known to happen is the infamous 'boil order'. Past that point, it could result in a cascading effect of restrictions, which could impact all aspects of Town.



Wastewater Treatment—Sewer Lagoons

Progress Report

Funding includes Resource Damage Program, American Rescue Plan Act, Army Corps-WRDA, Montana Coal Endowment Program, and Ratepayers



Construction spring of 2024, largely complete by fall of 2024.

This will require substantial discharge monitoring and testing, likely through a year to ask for removal of the current administrative action with DEQ.

WHY NOW?

Looking to the next large project(s), which are drinking water and stormwater the funding picture is _____.

One way to do large project is to borrow large amounts of money.

Other ways to do it are to try to parse the projects into smaller pieces. Which can work in some cases.

A MAJOR problem the Town Council faces is to try to provide match funds for future grants. MCEP and RRGL. For example, a million-dollar project, about \$700,000 could potentially be grant funded, with local match of \$300,000.





How much could a resort tax help ?

- Estimates of exact funds raised by a resort tax are difficult to establish.
- Business revenue numbers are not readily available.
- Town has asked for help estimating numbers from several sources.
- Example of a \$200,000 project to the right.

Very early and conservative estimate from the University of Montana Institute for Travel and Tourism

2021-22 Avg.	Granite County	Philipsburg	3% Resort Tax	4% Resort Tax
Retail	\$500,000	\$341,060	\$10,232	\$13,642
Accommodations	\$215,000	\$1,030,126	\$30,904	\$41,205
Restaurant	\$1,388,000	\$1,150,940	\$34,528	\$46,038
Farmers Mkt	\$8,000	\$8,000	\$240	\$320
Grocery	\$470,000	\$337,813	\$10,134	\$13,513
Guide	\$650,000	\$650,000	\$19,500	\$26,000
License	\$465,000	\$77,830	\$2,335	\$3,113
Service	\$117,000	\$117,000	\$3,510	\$4,680
Made in MT	\$1,689,000	\$1,689,000	\$50,670	\$67,560
Total	\$7,412,000	\$5,401,767	\$162,053	\$216,071

Timing and Process of a resort tax

- ✓ Certification by Department of Commerce
- Discussion by Town Council, notices on the website. Received positive comments on the community plan. Ongoing.
- Resolution and ballot language approvals
- Vote
- If successful, implement.

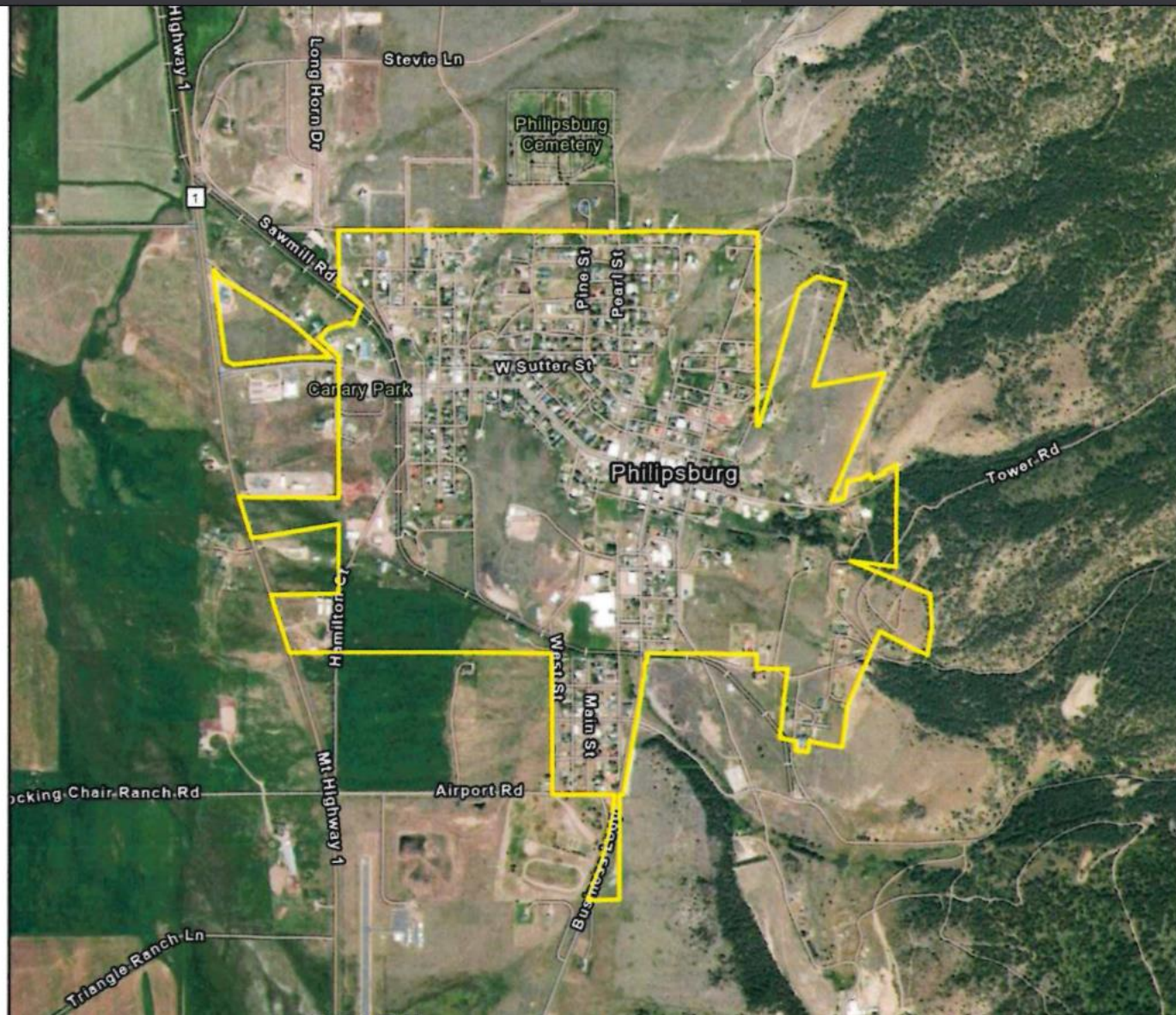


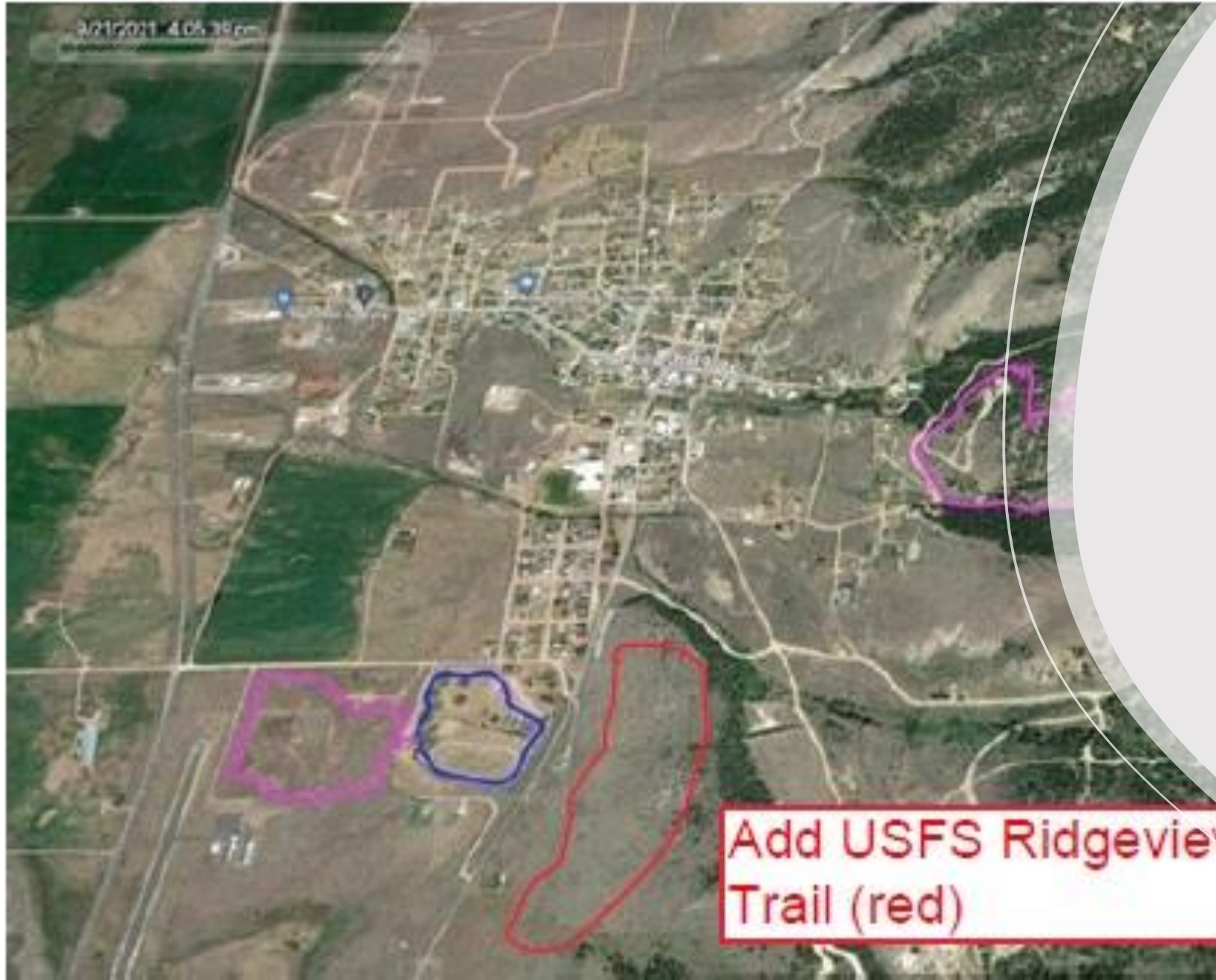
Concerns

1. Business owners concerned about other people knowing their financial business.
 - A. The Town would want these payable online when possible. That information would be accessible to very few employees. The Town would pass a strict resolution that this was not public information, as other towns have done.

2. Enforcement. Presumably, the numbers on income tax forms to federal and state would reflect this local option tax. However, it would be difficult for the Town to determine exact matching of all the tax numbers. Town Ordinance would reflect penalties for nonpayment of resort tax.







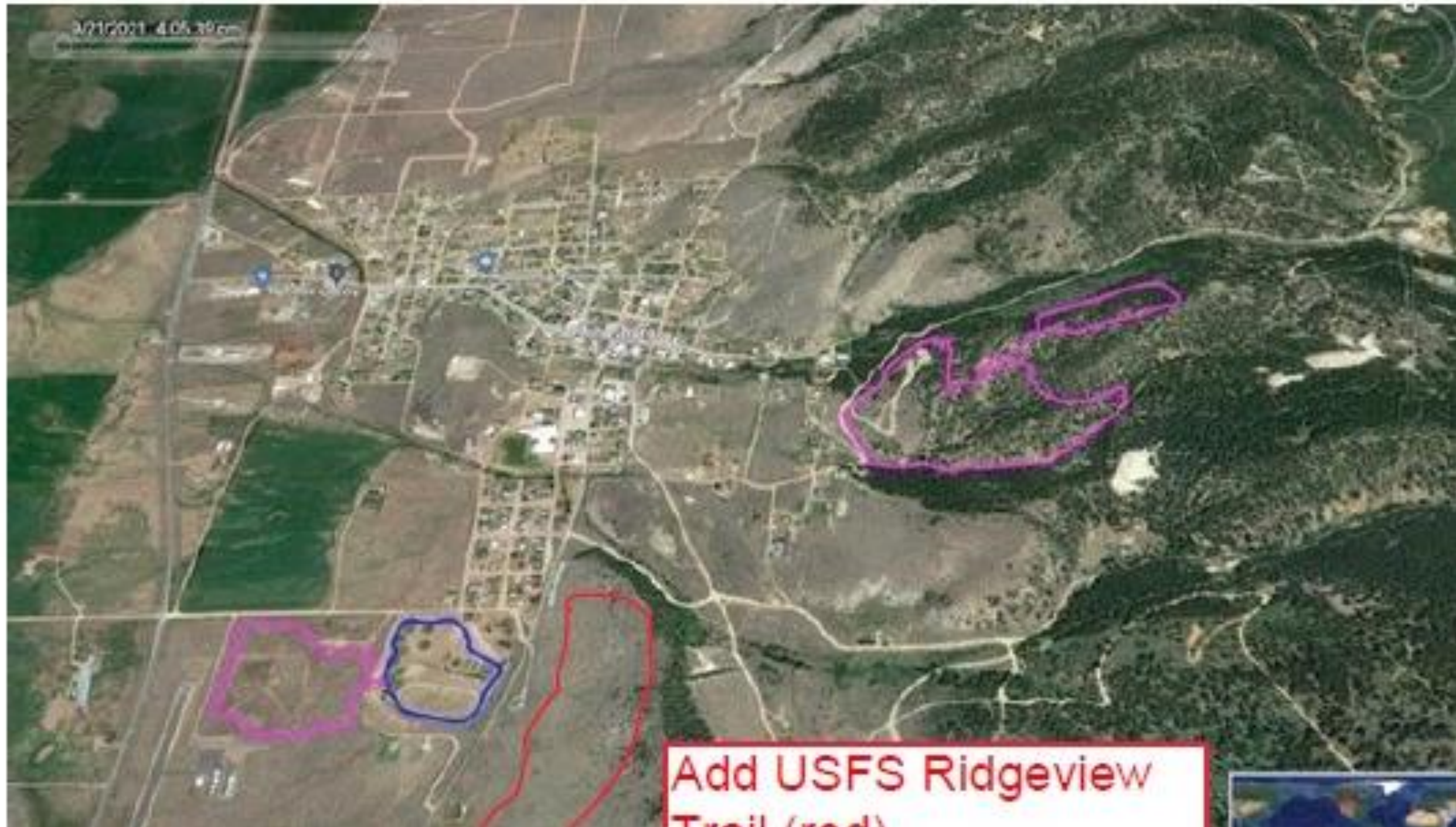
Questions and Resources

- The Town has some documents up on the Town's website
- **The Philipsburg Town Council has this regularly on their agenda, as well as some scheduled work sessions.**

Thank you for your time !



Town Map Resort Community.pdf



Add USFS Ridgeview Trail (red)



SB0199.pdf



Philipsburg Resort Community Designation Report - PUBLIC MAP.pdf



Resort Tax Communities List.pdf

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5. 7-6-1501 Definitions

Compiled by MC. Did not include the repealers. 11/1/2023

NOTE: 2023 Legislative actions are not codified yet, so please see SB 199 from last session for the scoop



RESORT TAX MCA 2021.pdf

Montana Code Annotated 2021

TITLE 7. LOCAL GOVERNMENT

CHAPTER 6. FINANCIAL ADMINISTRATION AND TAXATION

Part 15. Resort Tax

Definitions

7-6-1501. Definitions. As used in this part, the following definitions apply:

- (1) "Board of directors" means the board of directors of the resort area district.
- (2) "Infrastructure" means tangible facilities and assets related to water, sewer, wastewater treatment, storm water, solid waste and utilities systems, fire protection, ambulance and law enforcement, roads, bridges, and other transportation needs.
- (3) "Luxuries" means any gift item, luxury item, or other item normally sold to the public or to transient visitors or tourists. The term does not include food purchased unprepared or unserved, medicine, medical supplies and services, appliances, hardware supplies and tools, or any necessities of life.
- (4) "Medical supplies" means items that are sold to be used for curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.
- (5) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications.

