

CRAIG RESORT AREA  
ORDINANCE NO. 2021-1

AN ORDINANCE PROVIDING FOR THE ADMINISTRATION OF THE RESORT TAX IN THE CRAIG RESORT AREA AND AMENDING CRAIG RESORT AREA ORDINANCE NO. 2010-1.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CRAIG RESORT AREA PURSUANT TO THE AUTHORITY GRANTED UNDER §7-6-1505, MCA, TO ADOPT ORDINANCE NO. 2021-1 AS FOLLOWS:

**Section 1. Definitions.**

- (1) For purposes of this Ordinance, the following definitions apply, some of which are the same definitions as set forth in §7-6-1501, MCA:
- (a) "Governing body" means the board of county commissioners as described in §7-6-1505(1), MCA.
  - (b) "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 as defined by §7-6-1501(1), MCA.
  - (c) "Medical supplies" means items that are sold to be used for curative prosthetic or medical maintenance purposes whether or not prescribed by a physician as defined in §7-6-1501(2), MCA.
  - (d) "Medicine" means substances sold for curative or remedial properties, including both physician prescribed and over-the-counter medications as defined in §7-6-1501(3), MCA.

**Section 2. Effective Date and Duration.**

- (1) The resort tax shall be effective for twenty (20) years beginning September 15, 2010 through November 15, 2030. The resort tax shall be in effect year-round beginning March 5, 2021 through December 31, 2021, and then from January 1 through December 31 of each subsequent year.
- (2) The 1% resort tax for infrastructure shall be in effect year-round beginning on March 5, 2021 and shall expire once the wastewater treatment system costs and debts are paid.

**Section 3. Rate of the Resort Tax.** The resort tax shall be at a rate of 4% on the retail value of all goods and services sold by lodging and food service establishments, establishments that sell alcoholic beverages by the drink, destination recreational facilities and on luxuries sold by other establishments as further clarified and specified in this Ordinance.



**Section 4. Imposition of Resort Tax.** Pursuant to the elections held on August 10, 2010 and January 26, 2021 in Craig, Lewis and Clark County, Montana, the resort tax and the additional 1% for infrastructure were approved by a majority of the qualified electors voting on the question of the imposition of the resort tax.

**Section 5. Items Subject to the Resort Tax.**

- (1) The following goods and services are subject to the resort tax:
  - (a) Luxuries;
  - (b) All goods and services sold by the following establishments:
    - a. Hotels, motels, and other lodging establishments;
    - b. Restaurants, fast food stores, and other food service establishments;
    - c. Bars, taverns and other public establishments that serve alcoholic beverages by the drink;
    - d. Destination recreational facilities.
  - (c) All other goods and services not exempt in Section 6 of this Ordinance.
- (2) The point of sale for purposes of the imposition of the resort tax in the Resort Area is where the goods and services are purchased, reserved, committed or occurring fully or partially.

**Section 6. Goods and Services Exempt from the Resort Tax.**

- (1) The following goods and services are exempt from the resort tax:
  - (a) Food purchases unprepared and unserved;
  - (b) Utilities and utility services;
  - (c) Medicine, medical supplies and services;
  - (d) Wholesale merchandise for resale at retail or used in the purchaser's business as supplies;
  - (e) Gasoline and other motor vehicle fuel;
  - (f) Alcoholic beverages sold at agency liquor stores, or by the bottle;
  - (g) Propane and other home fuels;
  - (h) Automobiles and trucks;
  - (i) Labor and parts for automobile and truck repair;
  - (j) All non-luxury labor and services, including but not limited to services prescribed by a physician;
  - (k) All business and labor costs;
  - (l) Lumber, hardware supplies, tools and other construction related supplies;
  - (m) Household appliances, furniture and fixtures;
  - (n) Real estate sales;
  - (o) All rental agreements when contracted for a period longer than thirty (30) consecutive days;
  - (p) Newspapers;
  - (q) Office supplies;
  - (r) Garage sales;
  - (s) Services provided by non-profit religious organizations;
  - (t) Personal hygiene and related products;

- (u) Industrial, commercial and household strength cleaning materials, including soaps, laundry and dishwashing detergents and disinfectants;
- (v) Postal products and services; and
- (w) Other necessities of life.

**Section 7. Reimbursement of Administrative Fee to Establishments Collecting the Resort Tax.** Pursuant to §7-6-1505, MCA, each establishment collecting the resort tax is entitled to withhold the authorized maximum of five percent (5%) of the resort taxes collected to defray the establishment's costs for the administration of the tax collection. The administrative fee may be withheld by the establishment at the time of remitting the collected resort taxes to the governing body.

**Section 8. Appropriation, Expenditure and Purpose of Resort Tax.**

- (1) The revenue collected from the 3% resort tax shall be appropriated by the governing body and expended as set forth in the "Petition To County Commissioners of Lewis and Clark County Pertaining to the Imposition of a Resort Tax in the Craig Resort Area" as follows:
  - (a) 85% of the resort tax revenues collected in each fiscal year for twenty (20) years for the construction, maintenance and operation of a wastewater treatment system connecting to and serving the Craig Resort Area. If the debt service for this purpose is retired or satisfied in less than twenty (20) years, the amount necessary to operate and maintain the system shall be appropriated by the governing body in each fiscal year;
  - (b) 10% of the resort tax revenues collected in each fiscal year for twenty (20) years for the maintenance of the Craig Training Center, formerly known as the Craig School; and
  - (c) in amounts as determined by the governing body of the Craig Resort Area for any other services, facilities or projects as authorized by law once the indebtedness incurred in (a) above is retired or satisfied.
- (2) The revenue collected from the 1% resort tax for infrastructure shall be appropriated by the governing body and expended as set forth in Resolution 2020-90 for the repayment of bonds and other project costs related to the construction of the Wastewater Treatment System and any contemplated upgrades thereto. 100% of the resort tax revenues from the 1% resort tax for infrastructure collected each year shall be appropriated for the repayment of bonds and other project costs related to the Wastewater Treatment System and any upgrades to the System. Once the Wastewater Treatment System project costs and debts are paid, the additional 1% expires.

**Section 9. Collection and Time of Remittance of Resort Taxes-Delinquency.**

- (1) Establishments that sell luxury goods and services within the Craig Resort Area must collect the resort tax and remit the resort taxes collected to the governing body.
- (2) The resort taxes collected must be remitted to the governing body or postmarked on or before the last day of each month for the prior month or, if the last day falls on a Saturday, Sunday, or holiday, then on the next business day, to the following

address: Lewis and Clark County Treasurer, 316 N. Park Avenue, Helena, Montana 59623.

- (3) Remittance of resort taxes made after the last day of a month for the prior month shall be deemed delinquent and subject to the penalties, interest and late and other fees authorized by law and set forth in section 10 below.

**Section 10. Enforcement - Remedies Available-Interest — Late Fee:**

- (1) The governing body shall enforce the collection and remittance of resort taxes.
- (2) The following remedies as authorized by §7-6-1505, MCA, are available remedies for the failure to collect, report, and remit resort taxes and for violation of this Ordinance:
  - (a) a criminal penalty not to exceed a fine of \$1,000 or six (6) months imprisonment or both;
  - (b) a civil penalty if the resort area prevails in a lawsuit for the collection of resort taxes, not to exceed fifty percent (50%) of the resort taxes found to be due and owing, plus the costs and attorney fees incurred in the enforcement of the reporting, collection and remittance of the resort taxes;
  - (c) a lien against the property of the establishment secured by applicable legal procedure.
- (3) Interest: Delinquent taxes shall bear interest at the rate of one percent (1%) per calendar month, for the delinquent month (12% per annum). The assessed interest of one percent (1%) per month, shall apply after the last day of the month in which the payment is due, and to each subsequent month, regardless of when the payment is made.
- (4) Late Fee: A one time late fee of \$30 shall be assessed for each reporting month that is delinquent.

**Section 11. Reporting Coupons for Resort Tax – Confidentiality.**

- (1) The governing body shall provide each establishment in the resort area responsible for collecting the resort tax with the proper coupons for reporting and accounting for the resort taxes collected.
- (2) The reporting coupons submitted to the governing body by the establishments shall be confidential and not open to public inspection unless so ordered by the governing body pursuant to Article II, §9 and 10 of the Montana Constitution, a court of competent jurisdiction, or upon the filing of an enforcement action in District Court.

**Section 12. Audits.** Under the direction of the governing body, audits may be conducted of establishments collecting the resort tax. All establishments must cooperate in the conduct of an audit and failure to cooperate with an audit shall constitute a violation of this Ordinance.

**Section 13. Maintenance of Records by Establishments.** Each establishment required to collect and remit resort taxes to the governing body shall keep and maintain for a period of not less than five (5) years, all records necessary to determine the verity of the taxes collected and remitted and shall make such records available

for audit and inspection at all reasonable times. Such records, whether maintained and developed in hard copy or on a computer or other electronic device, include but are not limited to: accounting books, ledgers, registers, original records necessary to document gross receipts of establishment, specific documentation of exempt sales, and copies of state and federal income tax returns.

**Section 14. Craig Resort Area Advisory Council.** The governing body of the Craig Resort Area shall appoint a 5 member "Craig Resort Area Advisory Council" within 60 days of the election if a majority of the qualified electors approve the imposition of the resort tax in Craig. The Council shall make recommendations to the governing body on the appropriation and expenditure of the resort tax.



**Section 15. Savings Clause.** If any section, subsection, paragraph, or sentence of this Ordinance is for any reason held to be unconstitutional or in violation of any law, such court decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof.

**Section 16. Amendment of Ordinance.** Except for §§ 2, 3, 4, 7 & 8 of this Ordinance, this Ordinance may be amended at any time thereafter as may be necessary to effectively administer the resort tax and must include the requirements of §7-6-1505, MCA.

**READ AND ADOPTED BY THE COUNTY COMMISSIONERS OF LEWIS AND CLARK COUNTY ON THE FOLLOWING DATES:**

1<sup>st</sup> Reading and Adoption:  Date: 2-23-21  
Andy Hunthausen, Chair

2<sup>nd</sup> Reading and Adoption:  Date: 3-9-21  
Andy Hunthausen, Chair

   
Amy Reeves, Clerk of the Board