Hebgen Basin Rural Resort Tax District

Public Hearing

Ordinance No 25-01-ORD

NOTICE IS HEREBY GIVEN that the Board of the Hebgen Basin Rural Resort Tax District will conduct a Public Hearing on September 8, 2025, regarding the first reading of Ordinance 25-01-ORD.

The purpose of the Ordinance defines how the District will provide for collection, appropriation, and expenditure of resort taxes. The purpose of the resort tax is to tax Goods and Services sold to tourists and transient visitors, but which locals and other members of the general public also may purchase, and Luxuries. Necessities of Life are not intended to be taxed. Resort taxes are to be collected on all Goods and Services sold by Enumerated Establishments. Resort taxes are to be collected on all Luxuries wherever they are sold within the District. Resort tax collected will be used to fund Fire, EMS and Medical within the District as well as all costs associated with the collection, administration, appropriation, expenditure, litigation of resort taxes; consistent with Ordinance No. 25-01-Ord.

Due to the fact the Hebgen Basin Rural Resort Tax District is just getting set up, Complete copies of the ordinance are available at the Hebgen Basin Rural Fire District, 10 S Faithful Street, West Yellowstone, MT. The proposed ordinance is also posted on the Hebgen Basin Rural Fire District website: hbrfd.com. The public hearing will be held during the regular Hebgen Basin Rural Resort Tax District Board Meeting which begins at 6:00 PM on September 8, 2025. The meeting will take place at the Hebgen Basin Rural Fire District Station 1, 10 S Faithful Street in West Yellowstone, MT, at which time oral testimony will be taken from the public. Written testimony may be submitted until 5:00 PM on the date of the hearing to the Board Chairman Jason Howell by email jhowell.hbrrtd@gmail.com

HEBGEN BASIN RURALRESORT AREA DISTRICT

ORDINANCE No. 25-01-ORD, as amended
Adopted on: October 13, 2025
(Effective on: January 1, 2026)

AN ORDINANCE PROVIDING FOR THE ADMINSTRATION OF THE RESORT TAX WITHINTHE HEBGEN BASIN RURAL RESORT AREA DISTRICT

PURSUANT TO THE AUTHORITY VESTED IN THE HEBGEN BASIN RURAL RESORT AREA DISTRICT BOARD OF DIRECTORS UNDER MCA 7-6-1505, MCA 7-6-1542 and MCA 7-6-1547, BE IT ORDAINEDBY THE BOARD OF DIRECTORS OF THE HEBGEN BASIN RURAL RESORT AREA DISTRICT

Section 1. Purposes:

(1) The purpose of the District is to provide for the local collection, appropriation, and expenditure of resort taxes.

(2) The purpose of the resort tax is to tax (a) Goods and Services sold to tourists and transient visitors, but which locals and other members of the general public also may purchase, and (b) Luxuries. Necessities of Life are not intended to be taxed.

(3) Resort taxes are to be collected on all Goods and Services sold by Enumerated Establishments.

(4) Resort taxes are to be collected on all Luxuries wherever they are sold within the District.

(5) Resort taxes collected will be used to fund fire, EMS and Medical within the District as well as all costs associated with the collection, administration, appropriation, expenditure, litigation of resort taxes; consistent with Ordinance No. 25-01-Ord.

Section 2. Effective Date of the Resort Tax and of the Hebgen Basin Rural Resort Area Tax District: Pursuant to the election held on May 6, 2025, in Gallatin County, a majority of the qualified electors authorized a resort tax within the District, the resort tax became effective on June 15,2025 . The District became effective on June 9, 2025.

Section 3. Duration of the Resort Tax: The original duration of the resort tax was for twenty (20) years commencing on June 15, 2025 and terminating on June 15, 2045 unless further extended.

Section 4. Definitions: For purposes of this Ordinance, the following definitions apply:

(1) "Administrative Officer" means the person hired or appointed by the District Board to lead the administration of the resort tax and the District's business and who serves at the pleasure of the District Board.

(2) "Audit" means the examination of the books, records, accounting, sales, and financial data of a business pursuant to agreed-upon procedures by the District's auditor.

(3) "District" or "Hebgen Basin Rural Resort Area Tax District" means the district created under sections 7-6-1531 through 1550, MCA, that has been established as a resort area under section 7-6-1508.

(4) "District Board" means the board of directors of the Hebgen Basin Rural Resort Area Tax District elected pursuant to Title 7, Chapter 6, Part 15, MCA.

(5) "Enumerated Establishments" means each of the following businesses:
   a. hotels, motels, and other lodging or camping facilities;
   b. restaurants, fast food stores, or other food service establishments;
   c. taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink; and
   d. destination ski resorts and other destination recreational facilities.

   If any establishment operates one or more of the above enumerated businesses, and simultaneously operates other lines of business that do not reasonably fall within the above definition, then the establishment must collect taxes on that portion of its business that falls within one of the above enumerated businesses. Each situation will be evaluated at the time of business registration and a determination will be made.

(6) "Goods and Services" means any tangible consumable item, any item of merchandise, any beverage or food, and any service offered for compensation, which are sold at any Enumerated Establishment. The term does not include items sold at wholesale; or items sold by individuals for resale (such as garage sales or ski/gear swaps).

(7) "Luxuries" means goods, services, products, or items sold at retail that are not considered Necessities of Life, including but not limited to each of the following:
   a. any item of clothing;
   b. any purchase or rental of sporting goods, or recreational equipment;
   c. all recreational activities, lessons, or guided tour services provided on land, water, or air which charge compensation in the form of daily fees, season passes, limited use passes, punch-cards, or other fees or dues to participate;
   d. all souvenirs, curios, antiques, jewelry, books, games, and home accessories; gift, art, and photographic items; food gift items prepared and sold as a package or unit, flowers not used in landscaping; and sales of fireworks;
   e. all prepared, or served food; and all food, food truck, catering, and/or private chef services;
   f. all tobacco, nicotine, nicotine delivery devices, and other tobacco related products;
   g. all alcohol, excluding any sold at wholesale;

h. all recreational marijuana, recreational marijuana delivery services, and other recreational marijuana related products;
i. all entertainment, including but not limited to, tickets or other admission fees, dues or payments for concerts; theaters; movies; shows; plays; sporting events; firework displays; rental movies, rental video games, and all related rental equipment; haunted houses and escape rooms;
j. massages, facials, manicures, pedicures, and all other day spa services, unless prescribed by a physician;
k. all event and entertaining services of any kind for events such as parties, weddings, meeting groups, and reunions, including, but not limited to space and facility rental, equipment rental, photography, florist, catering, and event planning/management;
l. all unrelated business taxable income of any tax-exempt, non-profit, or educational organization; and/or
m. all rental agreements for all lodging facilities, including without limitation all charges and fees a renter must pay to facilitate the rental of the facility, any management fees or other service fees arising from or related to the rental of the facility, and any fees for a service, commission, or other charge by any online hosting platform, except rental agreements for rental of a facility or unit to the same user for thirty (30) consecutive days or more and employee housing regardless of duration or location within the District.

(8) "Medical Supplies and Services" means items or services that are sold to be used for health care, curative, prosthetic, or medical maintenance purposes, whether or not prescribed by a physician.

(9) "Medicine" means substances sold for curative or remedial properties, including both; physician prescribed and over-the-counter medications.

(10) "Necessities of Life" means each of the following wherever sold within the District:
a. all food purchased and unprepared or unserved including without limitation to all food or beverage items qualifying for purchase under the Supplemental Nutrition Assistance Program ("SNAP") whether or not the purchaser of the item actually qualifies to participate in the program administered by the USDA Food and Nutrition Service and regardless of the origin of the item;
b. all forms or methods of transportation;
c. all utility services;
d. all gasoline, diesel, ethanol, and other motor fuel;
e. all landscaping, snow removal services, and other similar property management, and maintenance services;
f. all propane and home heating fuel;
g. all personal hygiene products of any kind;
h. all Medicine;
i. all Medical Supplies and Services;
j. all business equipment;
k. all appliances;
l. all hardware supplies and tools;
m. all Goods and Services, Luxuries, or programs offered or provided by tax-exempt, non-profit, or educational organizations other than such organization's unrelated business taxable income.

Section 5. Rates of Resort Taxes: The rate of the resort tax is three percent (3%) of the retail value of all Good and Services sold at Enumerated Establishments, and three percent (3%) of the retail value of Luxuries sold anywhere within the District ("Resort Tax"). sections of Title 7, Chapter 6, Part 15, MCA.

Section 6. Taxation of Goods and Services: All Goods and Services sold at Enumerated Establishments within the District are subject to resort taxes.

Section 7. Taxation of Luxuries: All Luxuries wherever sold within the District are subject to resort taxes.

Section 8. Exemptions from Resort Taxes: All Necessities of Life, sold within the District, other than those sold at establishments enumerated in section 4, are exempt from all resort taxes.

Section 9. Business Registration: All establishments, businesses, and vendors operating within the District, whether providing Good and Services, Luxuries, or Necessities of Life, must register with the District per established procedures. All event organizers operating within the District must require all vendors operating at any of its events within the District to register with the District per established procedures. Failure to timely register with the District, and failure of an event organizer to require each vendor operating at any of its events within the District to timely register with the District is deemed a violation of the Ordinance and such establishment, business, vendor, and/or event organizer will be subject to fines and penalties set forth in Section 17 below.

Section 10. Time of Remittance of Resort Taxes:

(1) Establishments Shall remit resort taxes on a monthly basis, the resort taxes collected must be received by the District on or before the last day of each month for the prior month.

Section 11. Administration Withholding Permitted by Establishment: Pursuant to section 7-6- 1505, MCA, each establishment collecting resort taxes 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 administration fee may be withheld by the establishment at time of remitting the resort taxes to the District.

Section 12. Reporting Forms for Resort Tax - Confidentiality:

(1) The District Board shall provide each establishment within the District responsible for collecting the resort taxes with the proper forms for reporting and accounting for the resort taxes collected.

(2) The records and forms submitted to the District Board by the establishments shall be confidential and not open to public inspection unless so ordered by the District Board pursuant to Article II, Sections 9 and 10, of the Constitution of the State of Montana, a court of competent jurisdiction, or upon the filing of an action in District Court.

Section 13. Maintenance of Records by Establishments: Each establishment required to collect and remit resort taxes shall keep, maintain, and preserve for a period of not less than five (5) years all records necessary to determine the accuracy of the taxes collected and remitted and shall make the same available for Audit or inspection on its business premises by the District at all reasonable times. It is the obligation of each business that is required to collect and remit resort taxes to substantiate its compliance with this Ordinance through accurate and proper record keeping which may include disclosure on customer receipts or other forms of notifications to customers as defined by the District's established policies and procedures.

Section 14. Audits: Periodic random Audits shall be conducted under the direction of the District and all establishments shall cooperate in all respects in the conduct of the Audits. Any Audit shall be for the previous calendar year and shall be conducted in Hebgen Basin Rural Resort Area on the premises of the establishment collecting the resort tax or at such other location as the District may determine. If the Audit determines a deficiency, the District shall have the discretion but not the obligation to Audit the previous three (3) years and may further require a follow-up Audit on the next reporting year. Payments and/or arrangements for payment of the amount determined as outstanding resort taxes owed must be paid or payment arrangements made within thirty (30) days of the date of the notification of the Audit results. Failure to cooperate in any Audit, including the failure to comply with agreed upon procedures, to provide information, or to make the appropriate records available in Hebgen Basin Rural Resort Area within fourteen (14) calendar days of the auditor's scheduled Audit, shall constitute a violation of the provisions of this Ordinance and may result in the imposition of penalties set forth in Section 17.

Section 15. Enforcement of Collection of Resort Tax: The District Board shall enforce the collection of resort taxes and oversee the methods and procedures to be used in the enforcement as described in Ordinance No. 2025-1-Ord.

Section 16. Administrative Determinations and Appeals:

(1) The Administrative Officer and his/her agents, employees, or designees shall be responsible for answering questions regarding those Enumerated Establishments, those Goods and Services, and those Luxuries that are subject to resort taxes, and for interpreting any other term, condition or obligation set forth in this Ordinance. All questions related to the imposition or collection of resort taxes shall be submitted to the Administrative Officer in writing and shall be answered in thirty (30) working days or less. The Administrative Officer shall maintain a written file of all questions and interpretations rendered. The Administrative Officer, in his/her discretion, may seek advice and/or guidance from the Board and its attorneys.

(2) Any determination rendered by the Administrative Officer pursuant to Section 16 (1) may be appealed to the Board; provided, that notice of appeal shall be in writing and shall be filed with the Board within thirty (30) days of the issuance of the Administrative Officer's determination or interpretation. After receipt of an appeal, the Board shall, at the next open board meeting, fix the time and place for hearing the

appeal, and the Board shall cause notice in writing to be personally served upon the appellant. The findings and decision of the Board shall be final and conclusive and shall be served upon the appellant in the manner prescribed for service of notice of hearing or by certified mail directed to the appellant's last known address.

Section 17. Penalties, Interest, Late Fees and Liens:

(1) The following penalties, referrals, or liens may be imposed as authorized by section 7-6-1505, MCA, for failure to report resort taxes due, failure to remit resort taxes due, and violations of this Ordinance:
   a. a criminal penalty, not to exceed a fine of $1,000 or six-months imprisonment, or both;
   b. a civil penalty if the District prevails in a suit for the collection of resort taxes, not to exceed fifty percent (50%) of the resort taxes found due, plus the costs and attorney fees incurred by the District in the enforcement action;

(2) The Administrative Officer is authorized to report any establishment which is delinquent in its collection or remittance of resort taxes to any county, state or federal licensing authorities administering any licenses held by such establishment and request that such licensing authority take action to suspend or revoke such license until the required resort taxes are paid in full. Nothing in this Ordinance shall be presumed to require any licensing authority to take any specific action.

(3) 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; and

(4) A late fee of $50.00 plus interest shall be assessed for each reporting month that is delinquent.

Section 18. Appropriation and Expenditure of Resort Tax:

(1) All revenue derived from the imposition of the Resort Tax or from the imposition of the Infrastructure Resort Tax will be appropriated by the District Board in compliance with Title 7, Chapter 6, Part 15, MCA and this ordinance.

(2) The Board may issue bonds and pledge the proceeds to implement the appropriation, expenditure and purpose of resort taxes as authorized in section 7-6-1542, MCA, and consistent with District Ordinance.

Section 19. Authority to Hire Administrative and Other Employees: The District Board may hire an Administrative Officer and other employees to assist in the administration, collection, and oversight of the resort taxes and who shall serve at the pleasure of the District Board.

Section 20. Severance Clause : If any section, subsection, subdivision, paragraph, sentence, or phrase of this Ordinance or any part thereof is for any reason held to be unconstitutional or in violation of any law, such decision shall not affect the validity of the remaining portions of this Ordinance or any patt thereof.

Section 21. Amendment of Ordinance: This Administrative Ordinance may be amended at any time thereafter as may be necessary to effectively administer the resort tax and must include the requirements of section 7-6-150 5, MCA, but may not be amended to alter the specifications contained in the original ballot approved by the electors creating the resort area and imposing the resort tax.

Section22. Map of Hebgen Basin Rural Resort Area Tax District: A map of the District as approved by the electors on May 6, 2025, is attached to this Ordinance for reference.

Passed by the District Board of the Hebgen Basin Rural Resort Area Tax

District on the following dates:

1st Reading | Date: September 8, 2025, Vote: 0 in Favor with 0 Opposed

2nd Reading | Date: October 13, 2025, Vote: 0 in Favor with 0 Opposed

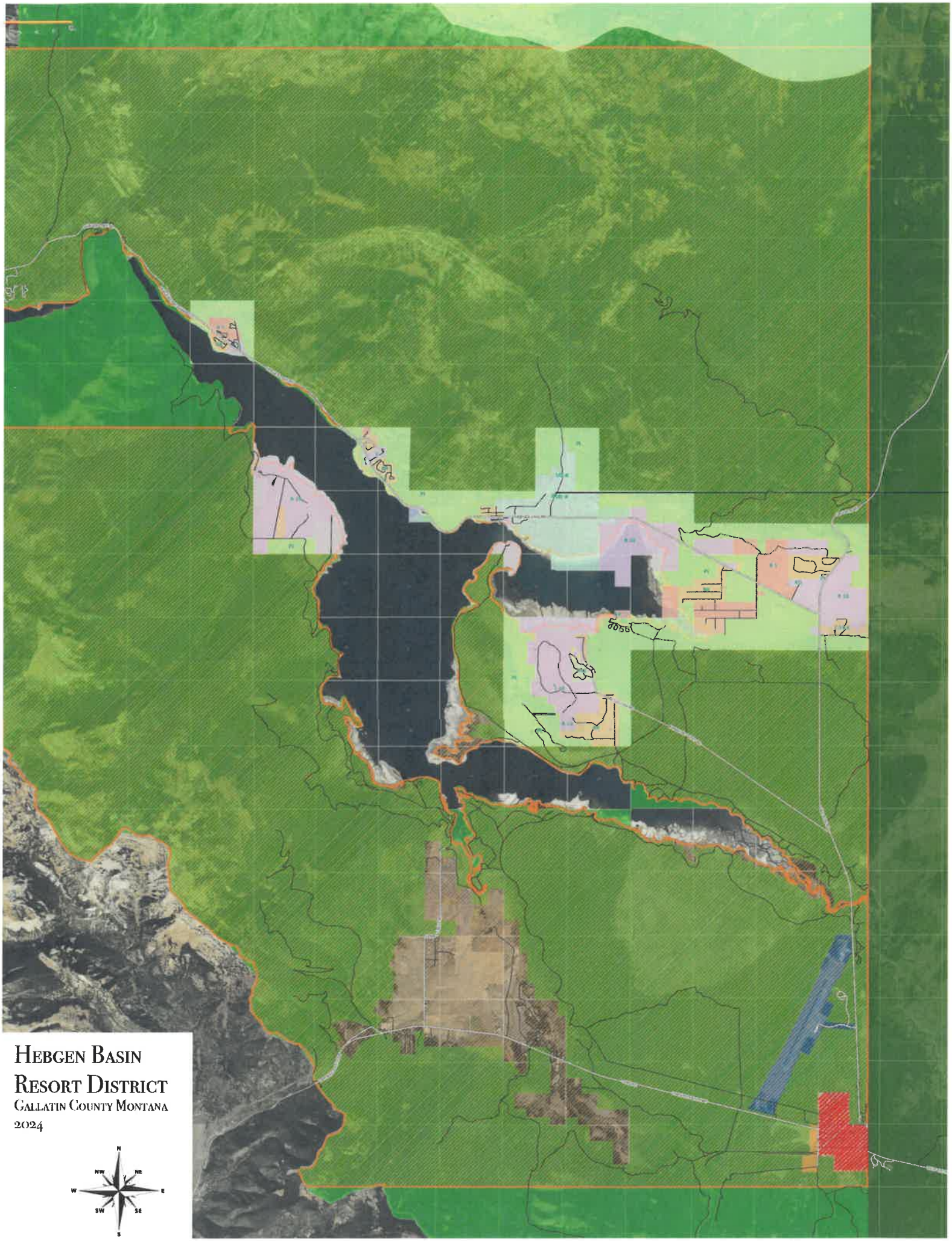
_____
Jason Howell, Chairman

_____
Robby Pohle, Vice Chairman

_____
John Burns, Secretary

_____
Kartina Mann, Treasurer

_____
Jeff Mathews, Director



Hebgen Basin Resort District

Gallatin County Montana

2024