



The Big Sky Resort Tax is an instrument our community has used since 1992. State law allows certain communities to levy a tax of *up to 3%* on non-essential, “luxury” items. The funds are predominantly collected by visitors. Historically the funds have been used for a wide variety of community needs and amenities, including the Sewer & Water District, Fire Department, parks & trails, performing arts, tourism promotion and many others. In the 2016 fiscal year, the Big Sky Resort Tax yielded over \$4.5 million.

In 2016, the Resort Tax Board voted to allocate \$1 million to help subsidize an affordable housing project of 24 units. These funds were drawn from a reserve/sinking fund that had been building for 3 years, and not from that year’s tax collections.

In that context, many wondered if the Resort Tax could be a viable resource to address our critical community-wide housing shortage moving forward. This resource was a specific recommendation included in a 2014 Community Housing Study commissioned by the Chamber and funded by Resort Tax. The Resort Tax and Chamber boards have been considering options.

A Big Sky Community Housing Trust is forming, which would administer any public housing funds in the future.

Basically, there are three ways that could happen:

1. Funds could be requested each year from the Resort Tax along with the other annual allocation requests.
2. Resort Tax Board could bond against collections to raise a one-time, specific amount.
3. The state law enabling Resort Tax could be changed to allow for an additional amount to be added to the current limit of 3% and earmarked for housing.

Option #3 is the “Penny for Housing” initiative and would involve two steps. First, state law would have to be changed to enable an increase in the Resort Tax from its current limit of 3% to 4%. While this is a 1% increase in the tax rate, it is approximately a 30% increase in the overall tax. Second, if the statute was successfully changed, then *each Resort Tax community would then have to vote* to approve an increase up to 1% within their specific community.

The Resort Tax Board hired a lobbyist and legislative consultant to draft a proposed bill. The bill would allow for Resort communities to add, through a subsequent vote within their community, up to an additional 1% specifically earmarked for housing. The lobbyist would help lobby the bill through the 2017 MT legislative session.

Below is a quick rundown of the various perspectives that have been expressed to the Chamber and Resort Tax boards to date:

*Penny for Housing Background and Information  
January 10, 2017*

- There is broad consensus that affordable housing is needed, is a need throughout the entire community, and should be addressed on a community-wide level.
- Many feel that local control is preferable, and this state law change would provide another tool for Big Sky to use as we, as a community, desire. Whether we eventually decide to enact the tax or not, it is preferable to have the option to decide locally.
- Many acknowledge that the housing problem can only be mitigated, and never solved. Therefore, the perennial nature of an earmarked portion of the Resort Tax ensures that there will always be resources available as time goes on. In addition, this would ensure that community-wide housing initiatives are never in competition with the many other community needs that Resort Tax funds.
- Some feel that the business community is already bearing a sufficient burden in collecting the 3% tax from its customers (effectively raising prices). While the community should address the affordable housing issue, funding should come from a broader base.
- Some large Resort Tax collectors point out that they are also the entities that are making the greatest investment in employee housing already, and an additional tax on their customers is unfairly onerous.
- While some feel that a real estate transfer tax would be an appropriate funding mechanism, a 2010 Montana constitutional initiative specifically prohibits this.
- Some feel that Resort Tax should collect all tax revenue available to it under the current law. Some feel that the existing 3% Resort Tax can yield more than enough revenue if there is a comprehensive review of the taxability of additional goods and services. It is currently unknown how much additional revenue could be generated.
- Many options for addressing housing in other resort communities are not available in Big Sky since we are not incorporated.
- Many are cognizant of the urgency of the problem. The Montana legislature meets every two years, so the next window of opportunity to change state law would not be until 2019.

Thank you for your time and for your business' vote in our poll. Please attend the Chamber's next Community Forum at the WMPAC on Tuesday, January 24 at 6pm to continue the discussion about this important issue.