

## Resort Tax Membership Dues Taxation

June 6, 2018

Big Sky, Montana – The Board of the Big Sky Resort Area District has received inquiries from the public regarding how the resort tax was going to or had been assessed against the sale of some of the services provided by Yellowstone Club, Spanish Peaks and Moonlight Basin. Although the Clubs have been routinely paying the correct resort tax on all food service, catering, retail sales, etc., the Board has been working on the appropriate taxation of membership dues for many years, and recently reached resolution with the Clubs.

In June 2015, the Resort Tax Board amended its ordinance to include taxation of “discretionary or voluntary ski and golf fees and dues.” The Yellowstone Club, Spanish Peaks and Moonlight Basin were among the 10 businesses selected for audit of calendar year 2016. The Clubs were found compliant in food service and catering, lodging, retail sales of clothing, gear, home accessories and gift items, recreational equipment rentals, lessons and guided services, spa services, event services, etc. This means the Clubs had properly collected and remitted resort tax in those areas. However, there were questions on both sides about the correct interpretation of the June 2015 ordinance regarding the taxability of membership dues, and even beyond that, how the portion of membership dues allocable to ski and golf activities should be determined. The Yellowstone Club had previously volunteered to make (and did pay) a resort tax payment based on an estimate of member and guest skier days multiplied by the current Big Sky Resort pass rate and an estimate of member/guest golf rounds played multiplied by the market golf fees.

In order to compromise and settle the unresolved membership dues issues, the Board and the Clubs agreed that a portion of membership dues allocable to ski and golf activities would be subject to resort tax. Of the three Clubs, only the Yellowstone Club assesses dues for skiing. All three Clubs assess dues for golf. The Board worked with the Clubs to gather data that would allow the Board to make an informed ski and golf valuation. At the Yellowstone Club, the Board determined that 39% of membership dues were attributable to ski and golf and; therefore, subject to resort tax. At Spanish Peaks and Moonlight Basin, the Board determined the golf valuation was the difference between golf and non-golf (i.e. social) membership dues and; therefore, subject to resort tax. All the Clubs historically have applied and currently do apply resort tax to non-members who use their golf facilities.

As with other audited businesses requiring adjustment in the 2016 audits, the Board required that the Clubs pay any remaining unpaid back taxes for 2017 ski and golf activities per the above valuations and apply, collect and remit taxes per the above valuation in 2018 and going forward. The Clubs agreed and have made those payments. With present membership rates and number of memberships, the increase in annual resort tax collection will be approximately \$275,000.

Annually, ten businesses are selected for resort tax compliance audits and the results and enforcement actions are confidential. It is in partnership with the Clubs that the Resort Tax Board can provide public notice of this mutually agreeable resolution. All three Clubs are some of the largest collectors of resort tax in the District.

The Board thanks the Clubs and all businesses for collecting and remitting resort tax. Their efforts provide funds that are invested directly back into the community and serve as Big Sky’s principal source of funding. Without resort tax, emergency services, parks, trails, tourism development, the arts and so many things would be a fraction of what they are today.

The Resort Tax Appropriation Process is underway, and the Final Appropriations Meeting is June 18 at 6:00 p.m. at the Warren Miller Performing Arts Center. Big Sky is Better Together© and the Board invites the community

to review the funding requests at [www.ResortTax.org](http://www.ResortTax.org) and share what is important at the meeting or via [info@resorttax.org](mailto:info@resorttax.org).

#### About Resort Tax

The Big Sky Resort Area District (Resort Tax) is a 3% sales tax passed in 1992 to improve the community of Big Sky, Montana. Since its inception, the money raised from the tax has played a significant role in the funding of services and programs including infrastructure facilities, post office services, ambulance and emergency services, public transportation systems, parks and trails, community library, tourism development and other services that provide for the public health, safety and welfare within the Big Sky Resort Area District.

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