



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0053: Revise income tax laws to provide conforming changes for prior legislation

Primary Sponsor: Greg Hertz Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Description of fiscal impact

SB 53 revises several income tax statute provisions to conform to changes made by previous (recent) income tax law changes. The proposed changes are primarily administrative and not expected to have significant fiscal impact.

FISCAL ANALYSIS

Assumptions

- SB 53 revises several income tax statutes to conform with changes made by prior (recent) income tax legislation. These revisions include:
 - Eliminating references to married filers filing separately on the same form for claiming the state's Family Education Savings Account and ABLE deductions.
 - Clarifying the timing of filing a claim for the residential property tax credit for elderly taxpayers if the filing date falls on a holiday.
 - Removing references to married filing separate returns on the same form related to the historical property preservation tax credit.
 - A reduction in the mineral royalty withholding rate from 6% to 5.9%
 - An expansion of the definition of "qualified withdrawal" from a Family Education Savings Account to include the rollover from an account to a Roth IRA under USC 529.
 - The repeal of the requirement for a tax certificate for an individual subject to the inheritance / estate tax.
- Changing the mineral royalty withholding rate from 6.0% to 5.9% in order to conform with the top marginal individual income tax rate. Withholding does not change tax owed (liability) but can change the level and timing of receipts. Collections are unlikely to be materially impacted by the proposed change.

3. Changing the definition of a "qualified withdrawal" from a Family Education Savings Account to include limited transfers to a beneficiary's Roth IRA could have a potential revenue impact, as taxpayers who make such a transfer under current law would be subject to a recapture tax under 15-62-208, MCA.
4. However, the revenue forecasts under HJ 2 already include adjustments to account for federal changes and previous state changes made to Family Education Savings Accounts. As revenue forecasts already include this adjustment, no change in HJ 2 revenue amounts is needed as a result of the proposed change to the program.
5. All other remaining changes primarily deal with administrative issues and are not expected to have any significant impact on tax revenue or Department of Revenue expenditures.

NO SPONSOR SIGNATURE

1/8/25

Sponsor's Initials

Date



Budget Director's Initials

1/8/2025

Date