



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0906.01: Provide property tax rebates for principal residences**

Primary Sponsor: **Terry Falk** 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</u><br><u>Difference</u> | <u>FY 2027</u><br><u>Difference</u> | <u>FY 2028</u><br><u>Difference</u> | <u>FY 2029</u><br><u>Difference</u> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Expenditures</b>         |                                     |                                     |                                     |                                     |
| General Fund (01)           | \$52,008,983                        | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$25,000,000                        | \$0                                 | \$0                                 | \$0                                 |
| <b>Revenues</b>             |                                     |                                     |                                     |                                     |
| General Fund (01)           | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| State Special Revenue (02)  | \$0                                 | \$0                                 | \$0                                 | \$0                                 |
| <b>Net Impact</b>           | <u>(\$52,008,983)</u>               | <u>\$0</u>                          | <u>\$0</u>                          | <u>\$0</u>                          |
| <b>General Fund Balance</b> |                                     |                                     |                                     |                                     |

### Description of fiscal impact

HB 906 creates a \$319 per qualifying property tax rebate that may be claimed for property taxes paid on a primary home in Tax Year 2024. The bill uses the same language as the rebates for property taxes paid in 2022 and 2023 created by HB 222 of the 2023 Legislature. An estimated 240,000 claimants are expected to qualify for a total rebate amount of \$76.2 million. These payments will be considered federal taxable income but are exempt from Montana income taxes.

### FISCAL ANALYSIS

#### Assumptions

1. HB 906 creates a property tax refund for property taxes paid in 2024 by qualifying homeowners on their primary residences.
2. The bill modifies the language of HB 222 of the 2023 Legislature, so the qualification for this rebate is exactly the same as the prior two years of rebates.
3. Based on 217,000 approved claimants in 2023 and 226,000 approved claimants in 2024, it is assumed that roughly 240,000 homeowners will claim rebates in 2025.
4. About 1.2% of homeowners that claimed the rebate for taxes paid in 2023 paid less than \$319 in property taxes. The average rebate of this group was \$204.56.
5. 2,766 claimants at \$204.56 and 237,234 claimants at \$319 yields \$76.243 million in total rebates.

#### DOR Costs

6. The department is required to mail notice to potentially eligible properties by June 30, 2025. It is estimated that the department will mail 310,000 postcards at \$1.42 each for a total cost of \$440,200 in FY 2025.
7. A follow-up mailing will be sent when the rebate application window is opened in August at a cost of \$1.43 each. This will be an additional \$443,300 in mailing costs for FY 2026.

8. The call-center at the Department of Revenue will require 1.00 FTE for anticipated phone calls during the claim period.
9. The DOR will spend \$45,000 in advertising the rebates in public media, half in FY 2025 and half in FY 2026.
10. The mailing of checks to approved applicants will cost an estimated \$223,200 in FY 2026.
11. Interest earnings from the capital development long-range building program account is appropriated for this rebate.

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12. The capital development fund is anticipated to earn approximately \$25 million in FY 2025. These earnings were contemplated during the HB 5 hearing in Section F. The sweeping of the interest likely results in the need to eliminate projects adopted by the Section F subcommittee. The remainder needed to fund this rebate would be drawn from the general fund.

**Fiscal Analysis Table**

|  | <b><u>FY 2026</u></b><br><b><u>Difference</u></b> | <b><u>FY 2027</u></b><br><b><u>Difference</u></b> | <b><u>FY 2028</u></b><br><b><u>Difference</u></b> | <b><u>FY 2029</u></b><br><b><u>Difference</u></b> |
|--|---|---|---|---|
| <b><u>Fiscal Impact</u></b>  |   |   |   |   |
| <b><u>Expenditures</u></b>   |   |   |   |   |
| Personal Services  | \$64,872  | \$0   | \$0   | \$0   |
| Operating Expenses   | \$698,153   | \$0   | \$0   | \$0   |
| Equipment  | \$2,958   | \$0   | \$0   | \$0   |
| Transfers  | \$76,243,000                                      | \$0   | \$0   | \$0   |
| <b>TOTAL Expenditures</b>  | <b>\$77,008,983</b>                               | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  |
| <b><u>Funding of Expenditures</u></b>  |   |   |   |   |
| General Fund (01)  | \$52,008,983                                      | \$0   | \$0   | \$0   |
| State Special Revenue (02)   | \$25,000,000                                      | \$0   | \$0   | \$0   |
| <b>TOTAL Funding of Expenditures</b>   | <b>\$77,008,983</b>                               | <b>\$0</b>  | <b>\$0</b>  | <b>\$0</b>  |
| <b><u>Revenues</u></b>   |   |   |   |   |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b> |   |   |   |   |
| General Fund (01)  | (\$52,008,983)                                    | \$0   | \$0   | \$0   |
| State Special Revenue (02)   | (\$25,000,000)                                    | \$0   | \$0   | \$0   |

Sponsor's Initials

Date

Budget Director's Initials

4/4/2025  
Date

