



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0411.02 (001): Exempt agricultural property from open space levies

Primary Sponsor: Jane Gillette Status: As Amended in House Committee

☐ 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

HB 411 exempts all agricultural land in an authorizing jurisdiction from open space levies. The state does not levy open space levies so there is no impact to the state. The amendment in the House Taxation Committee extends the same exemption of certain types of property from open space levies that are not explicitly for repayment of bonds.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. The authorization for open space levies is controlled by 76-6-109, MCA. The amendment in the House Taxation Committee strikes the more narrow amendment to 7-6-2527, MCA, and applies them to the controlling language in 76-6-109, MCA.
2. If a governing body passes a general obligation bond, the levies to pay the principal and interest of these bonds may not be levied against certain property types as listed in 76-6-109 (3), MCA.
3. The exemptions under 76-6-109(3), MCA are for qualified agricultural land and forest land, noncommercial improvements on these lands, and agricultural equipment on these lands.
4. It is currently possible for a governing body to propose a mill levy that is not subject to 76-6-109 (3), MCA if the levy is not specifically for the repayment of principal or interest on bonds.
5. HB 411 as amended extends the same exemption of certain types of property from open space levies that are not explicitly for repayment of bonds.
6. The bill applies to levies passed retroactively, beginning in Tax Year 2026.
7. The state does not currently assess any open space levies, therefore there is no impact to the state.

Effect on County or Other Local Revenues or Expenditures

Department of Revenue

1. Open space levies are the purview of local jurisdictions. The only open space levy the department was able to identify that is not subject to 76-6-109 (3), MCA, that levies taxes against all property in the county, is the 4.5 mill Gallatin County levy authorized in 2018. This jurisdiction had a taxable value in TY 2024 of \$745 million.
2. Gallatin County also has a mill levy for bond repayment that is subject to the exemptions of 76-6-109(3). The taxable value of this jurisdiction is \$727.5 million.
3. The taxable value of the property exempt under 76-6-109(3), MCA is the difference between these jurisdictions, which is about \$17.5 million. The 4.5 mills levied against this value is about \$79,000 less for the purposes of the jurisdiction.

Montana Association of Counties

4. Open space bond levy revenue estimates will need to take into consideration the exclusion authorized by this bill.



Sponsor's Initials

2/27/25

Date



Budget Director's Initials

2/27/2025

Date