



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0140: Provide property tax assistance for law enforcement and firefighters injured in the line of duty**

Primary Sponsor: Curtis Schomer 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</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$106,890	\$125,000	\$127,220
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	(\$590)	(\$600)	(\$620)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$100,000)	(\$117,000)	(\$119,000)
University 6- Mill	\$0	(\$6,300)	(\$7,400)	(\$7,600)
<b>Net Impact</b>	<u>\$0</u>	<u>(\$107,480)</u>	<u>(\$125,600)</u>	<u>(\$127,840)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 140 as amended in the House Taxation Committee, creates an Injured First Responder (IFR) property tax assistance program, similar to the Montana Disabled Veterans (MDV) property tax assistance program, which exempts up to 100% of an eligible taxpayer's home value based on income. The program is estimated to affect properties in Tax Year 2026, with an estimated average tax benefit of about \$2,600 per recipient. State levied property taxes will see lower collections, and some local tax shifts will occur because of this program.

### FISCAL ANALYSIS

#### Assumptions

1. HB 140 as amended in the House Taxation Committee, proposes a Injured First Responder (IFR) property tax assistance program that would have a structure similar to the current Montana Disabled Veterans (MDV) property tax assistance program.
2. The IFR has the same income brackets as the MDV program. It is assumed that the average benefit of the IFR will be equivalent to the average benefit of the MDV program.
3. In TY 2024 (FY 2025), the average benefit for someone enrolled in MDV was a taxable value reduction of \$4,382. This translates to an average tax benefit of \$2,335.
4. Approximately 19% of this average benefit is due to state equalization mills deposited to the School Equalization and Property Tax Reduction (SEPTR) fund, and the university 6 mill state special revenue fund. The vocational technical education (1.5) mills are deposited to the general fund.

5. The average taxable reduction of \$4,382 is grown by the expected class 4 residential property growth contained in HJ 2 of 21.6% in FY 2026, 0% in FY 2027, 14.5% in FY 2028, and 0% in FY 2029.
6. The 95 equalization mills and 6 university mills are multiplied against this average taxable value reduction to find the reduction in equalization revenue and university revenue respectively.
7. Since the vocational technical education mills are only levied in five counties, the weighted average value of the 1.5 vocational technical education mills is 0.5 mills. This is multiplied by the average taxable value reduction to find the reduction in general fund revenue.
8. Since local mills generally float, the remaining 81% of tax benefit to properties enrolled in the IFR represents tax shifts onto all other properties.
9. The first year affected by HB 140 is Tax Year (TY) 2026, which corresponds to FY 2027 property receipts.
10. The table below summarizes the average loss or tax shift associated with each property by fiscal year.

Average IFR Property Benefit						
Fiscal Year	TV Reduction	95 Mills	6 Mills	1.5 Mills	Local Shift	Total Benefit
FY 27	\$5,330	\$506	\$32	\$3	\$2,047	\$2,588
FY 28	\$6,105	\$580	\$37	\$3	\$2,156	\$2,776
FY 29	\$6,105	\$580	\$37	\$3	\$2,156	\$2,776

11. The number of taxpayers eligible for the program is from the Montana Public Employee Retirement Administration. The table below summarizes benefits designated in Section 2 (9)(b).

Code	Abbreviation	Name	Participants
19-6-601	HPORS	Highway Patrol	4
19-7-601	SRS	Sheriff	29
19-8-701	GWPORS	Game Warden and Peace Officer	2
19-9-902	MPORS	Police Officer	26
19-18-604	VFCA	Vol. Firefighters	1
19-17-601	FURS	Firefighters	12

12. There are 74 members receiving disability benefits as identified in the table above. It is assumed all these members are homeowners that would qualify for the property tax exemption based on their income, and that their income distribution would be similar to the income distributions for the MDV program.
13. HB 140 as amended, adds volunteer emergency medical service receiving compensation for permanent total or partial disability under Worker's Compensation.
14. This brings the estimate qualifying properties to 115 under the IFR program criteria.
15. Additionally, it is assumed that each year, four (4) additional properties would be approved for the program based on surviving spouse applications or newly disabled first responders.
16. This puts the number of annual properties receiving the benefits from the IFR program in FY 2027 at 197, 201 in FY 2028, and 205 in FY 2029.
17. The average table is multiplied by the expected number of annual beneficiaries to arrive at the total revenue effects by fund displayed in the revenue section of the fiscal impact table below.
18. Given the relatively small number of expected applicants, DOR will absorb implementation costs associated with this new program.

**Office of Public Instruction**

19. IFR program property tax shifts are small and the dispersion of the of the beneficiaries is assumed to be broad such that the program would not create material shifts in school district Guaranteed Tax BASE-aid (GTB) and county retirement GTB expense to the state. There would be SEPTR to general fund offsets due to the provisions of the the school funding requirements of Title 20, MCA.

## Fiscal Analysis Table

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Transfers	\$0	\$0	\$0	\$0
University (6-mill)	\$0	\$6,300	\$7,400	\$7,600
Vo-Tech 1.5 mill	\$0	\$590	\$600	\$620
OPI BASE-Aid	\$0	\$100,000	\$117,000	\$119,000
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$106,890</b>	<b>\$125,000</b>	<b>\$127,220</b>
Local Assistance	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$106,890	\$125,000	\$127,220
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$106,890</b>	<b>\$125,000</b>	<b>\$127,220</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$0	(\$590)	(\$600)	(\$620)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$100,000)	(\$117,000)	(\$119,000)
University 6- Mill	\$0	(\$6,300)	(\$7,400)	(\$7,600)
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>(\$106,890)</b>	<b>(\$125,000)</b>	<b>(\$127,220)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$107,480)	(\$125,600)	(\$127,840)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$100,000)	(\$117,000)	(\$119,000)
University 6- Mill	\$0	(\$6,300)	(\$7,400)	(\$7,600)

Sponsor's Initials

Date



Budget Director's Initials

1/31/2025

Date