



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0424.01: Revising the disabled veteran property tax assistance program

Primary Sponsor: Ellie Boldman

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> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$77,231	\$1,461,730	\$1,667,305	\$1,667,892
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$1,420,000)	(\$1,627,000)	(\$1,627,000)
University	\$0	(\$90,000)	(\$103,000)	(\$103,000)
Revenues				
General Fund (01)	\$0	(\$7,000)	(\$9,000)	(\$9,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$1,420,000)	(\$1,627,000)	(\$1,627,000)
University	\$0	(\$90,000)	(\$103,000)	(\$103,000)
Net Impact	<u>(\$77,231)</u>	<u>(\$1,468,730)</u>	<u>(\$1,676,305)</u>	<u>(\$1,676,892)</u>
General Fund Balance				

Description of fiscal impact

SB 424 expands the Montana Disabled Veterans (MDV) property tax assistance program to veterans with at least a 60% disability rating rather than the current requirement for a 100% disability rating. This assistance is a smaller percentage for these newly eligible veterans than for the veterans qualifying under the 100% disability rating. This program is estimated to add about 5,460 newly eligible qualifying veterans to the MDV program. The change reduces taxable value by about 0.44% statewide which reduces state mill revenue and causes local mills to rise, shifting local taxes to all other property owners. The department will require 1.00 FTE for initial application processing in FY 2026 and 0.50 FTE thereafter for ongoing program maintenance.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. The MDV program reduces the residential tax rate levied against property owned by a veteran, or surviving spouse, with a certified 100% disability rating as provided by the United States Department of Veteran's Affairs (VA).
2. This rate reduction is based on income level, with different ranges based on filing status of the veteran or surviving spouse.
3. SB 424 extends qualification for this program to disability ratings 60% or higher, with lower rate reductions for veterans not at the full 100% disability rating.

4. The VA publishes statistics on the number of disability ratings nationwide. In their 2023 report they listed 443,705 veterans at 60% disabled; 529,123 veterans at 70% disabled; 562,086 veterans at 80% disabled; 560,522 veterans at 90% disabled; and 1.295 million veterans at 100% disabled.
5. It is assumed these same relative national proportions are reflected in Montana.
6. It is assumed that veterans with disability ratings of 60% or higher have the same income distribution as veterans that are 100% disabled.
7. There are 3,376 veterans that qualified for MDV in Tax Year 2024. Applying the proportions of assumption 4, approximately 5,460 additional veterans will qualify for tax rate reductions under MDV.
8. The table below shows statistics on the number of MDV participants by benefit threshold under current law and applies the same percentages to the new applicants at their expected benefit multiplier.

Tax Rate Multiplier	Current MDV Participants	Avg. TV of House (No Exemption)	Estimated New Participants	New Rate Multiplier	Avg. Exempt TV (New)
0%	3,073	\$4,582	4,970	50%	\$2,291
20%	115	\$5,152	190	60%	\$2,061
30%	93	\$5,335	150	65%	\$1,867
50%	95	\$5,099	150	70%	\$1,530
Total	3,376	\$4,636	5,460	Total	\$2,250

9. Based on the average exempt taxable value in the table above, multiplied by the number of estimated new participants, the 95 school equalization mills would lose \$1.167 million, the six university mills would lose \$74,000, and the vocational-technical education mills would lose about \$6,000.
10. These numbers are based on Tax Year (TY) 2024 data, they are grown by the average residential growth rates contained in HJ 2 to simulate future tax years. The detail by fiscal year is listed in the revenue section of the fiscal summary table.
11. SB 424 is applicable to tax years beginning TY 2026, which corresponds to FY 2027.

DOR Costs

12. The department will require 1.00 FTE in FY 2026 to handle the first-year influx of new applications.
13. In future years when filing history is established for these newly qualified veterans, the department will only require 0.50 FTE to maintain the new program load.

Office of Public Instruction

14. The reduction in revenue flowing into the SEPTR account are offset by increases in general fund expense to meet the requirements of the school funding formula in Title 20, MCA.
15. SB 424 creates property tax shifts that are small and the change in distribution of guaranteed tax base aid (GTB) payments to school districts will be minimal.

Fiscal Analysis Table

	<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>
<u>Fiscal Impact</u>				
FTE	1.00	0.50	0.50	0.50
TOTAL Fiscal Impact	1.00	0.50	0.50	0.50
<u>Expenditures</u>				
Personal Services	\$65,120	\$39,277	\$39,676	\$40,082
Operating Expenses	\$9,153	\$9,453	\$9,629	\$9,810
Equipment	\$2,958	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0
University	\$0	(\$90,000)	(\$103,000)	(\$103,000)
VoTech	\$0	(\$7,000)	(\$9,000)	(\$9,000)
TOTAL Expenditures	\$77,231	(\$48,270)	(\$62,695)	(\$62,108)
<u>Funding of Expenditures</u>				
General Fund (01)	\$77,231	\$1,461,730	\$1,667,305	\$1,667,892
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$1,420,000)	(\$1,627,000)	(\$1,627,000)
University	\$0	(\$90,000)	(\$103,000)	(\$103,000)
TOTAL Funding of Expenditures	\$77,231	(\$48,270)	(\$62,695)	(\$62,108)
<u>Revenues</u>				
General Fund (01)	\$0	(\$7,000)	(\$9,000)	(\$9,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$1,420,000)	(\$1,627,000)	(\$1,627,000)
University	\$0	(\$90,000)	(\$103,000)	(\$103,000)
TOTAL Revenues	\$0	(\$1,517,000)	(\$1,739,000)	(\$1,739,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$77,231)	(\$1,468,730)	(\$1,676,305)	(\$1,676,892)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	\$0	\$0	\$0
University	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures

Department of Revenue

1. Taxable value is estimated to be about 0.44% lower under SB 424 than current law and mills will adjust upward by a similar amount on average. This will shift the saving to all other taxpayers in the affected jurisdictions.

NO SPONSOR SIGNATURE

3/1



Sponsor's Initials

Date

Budget Director's Initials

3/1/2025

Date