



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0539.01: Revise property taxes and special assessments

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>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact

SB 539 redefines what an assessment is and what a tax is when used to fund improvement districts and special districts. Additionally, it changes a governing body's ability to determine a method of assessment. This bill applies to special districts created under Title 7. The State of Montana does not levy any fees under that title. There is no fiscal impact for the state although, costs to local governments are unknown, but potentially significant.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. SB 539 creates a statutory distinction between a special assessment and a tax.
2. In current law, special assessments are fees that local governments can set for certain services that are not levied in mills and therefore not proportionate to the taxable value of the property assessed,
3. SB 539 specifies that fees are generally considered taxes unless certain criteria are met, thereby disallowing fees that are not tied to taxable value if those criteria are not met.
4. If the fee does not meet the SB 589 criteria, it must be levied in mills and is subject to Title 15 limitations on revenue authority growth.
5. This bill applies to special districts created under Title 7. The State of Montana does not levy any fees under this title.
6. There is no significant cost for the department to implement of this bill.

**Effect on County or Other Local Revenues or Expenditures**

1. It is unknown how many local assessments would change by the criteria set forth by SB 539. Fees not meeting these criteria would need to be voted in by the electorate under 15-10-425, MCA, to continue the revenue stream, thereby creating unfunded costs for local governments. The new levy would be based on mills levied against taxable value in the district rather than any other fee structure. It is unclear if this provides for an unfunded mandate on local governments.

**NO SPONSOR SIGNATURE**

4/4

Sponsor's Initials

Date



Budget Director's Initials

4/4/2025

Date