



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0507.01: Constitutional amendment for sales tax to fund K-12 education

Primary Sponsor: Brad Barker

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

HB 507 is an act submitting to the qualified electors of Montana an amendment to article VIII, section 16, of the Montana Constitution to provide for a 4% sales tax and use tax to reduce property taxes that fund K-12 education. There is no fiscal impact to the state in association with this constitutional amendment referendum, currently.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. HB 507 submits to the electors an amendment to the Montana constitution to implement a 4% general statewide sales tax to reduce property taxes that fund K-12 education. The bill will be placed on the November 2026 election ballot.
2. This bill has no fiscal impact to the state because it just places the constitutional amendment on the ballot and does not enact it from the bill itself.
3. For context, if the constitutional initiative were to pass the electorate in November 2026, a broad based sales tax at a 4% rate, could generate something on the order of \$1.2 billion to \$1.4 billion in revenue depending on the scope of coverage, and the timing of implementation. Since the proposed tax is intended to offset state K-12 property taxes in FY 2025 all school levies property tax (state school equalization, countywide schools, and all local school district) collections were \$1.245 billion. The new tax and fund allocation system would require considerable set-up time and system development - the costs of which are dependent on any subsequent legislation, and therefore unknown at this time.


Secretary of State's Office

1. While there may be a minimal fiscal impact for processes related to proofing of ballots to ensure the constitutional amendment is properly included on the 2026 general election ballot, the Office of the Secretary of State will absorb the costs associated with implementing this bill within its existing operating budget.

**NOT SIGNED BY SPONSOR**

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Sponsor's Initials

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Budget Director's Initials

2/21/2025  
\_\_\_\_\_  
Date