



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0247.02 (001): Modify tax classification of shooting ranges

Primary Sponsor: Willis Curdy Status: As Amended in Senate 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>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$4,600)	(\$5,000)	(\$5,000)
University	\$0	(\$300)	(\$300)	(\$300)
<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 247, as amended in the Senate Taxation Committee, provides that nonprofit shooting ranges are taxed at one half the normal rate for commercial property. The amendment clarifies that the bill only applies to shooting ranges not already exempt under 15-6-201, MCA. It also provides a definition of a shooting range. This would reduce the taxable value of less than 50 properties by a total of \$48,900 in FY 2027 when the bill takes effect, slightly reducing revenue collected from state mills.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. Under current law, most property belonging to shooting ranges are classified as class 4 commercial property and taxed at 1.89%. Some shooting ranges own class 3 and class 10 land that would be reclassified as class 4 commercial tract land.
2. SB 247 as amended in the Senate Taxation Committee would halve the tax rate to 0.945% for shooting ranges that are operated by a nonprofit corporation exempt from taxation under 26 U.S.C. 501(c)(3) or 501(c)(4) of the Internal Revenue Code and incorporated or admitted under Title 35, chapter 2, MCA. Nonprofits that are currently fully exempt from property taxation under 15-6-201, MCA would not lose their exemption. The amendment excludes from the reduced tax rate the small amount of shooting range property that is class 4 residential.
3. There are 87 shooting ranges in Montana as identified by Montana Department of Fish, Wildlife, and Parks (FWP). The list is not comprehensive.
4. Of the 87 shooting ranges identified by FWP that qualify for the reduced tax rate, the property values of 15 shooting ranges were readily available in department records.

5. The average market value of the 15 shooting ranges for which data is available was \$1.102 million in TY 2024. The average taxable value was \$20,800. SB 247 would cut that taxable value in half for shooting ranges operating as a nonprofit, to \$10,400.
6. Assuming the FWP list is comprehensive, the total taxable value of the 87 shooting ranges in Montana was \$1.805 million.
7. Assuming 5% of shooting ranges are nonprofit, the total taxable value of the shooting ranges under SB 247 would be \$1.758 million for a statewide taxable value reduction of \$45,100 in TY 2024.
8. The taxable value difference was grown by HJ 2 estimates for Class 4 commercial property. The reduction in taxable value would decrease revenue generated from the state 95 mills for school equalization, 6 university mills, and 1.5 vo-tech mills. The following table contains the estimated taxable value difference and impact to state mill accounts.

<b>Fund</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>TV Difference</b>	(\$48,900)	(\$53,000)	(\$53,000)
<b>SEPTR</b>	(\$4,600)	(\$5,000)	(\$5,000)
<b>University</b>	(\$300)	(\$300)	(\$300)
<b>Vo-tech</b>	\$0	\$0	\$0

9. An application process would be developed as there is currently no way to determine the nonprofit status of shooting ranges. Costs would be absorbed by the department.

**Office of Public Instruction**

10. Reductions to the state 95-mill account (SEPTR) are in the first instance offset from the general fund. Significant shifts in taxable value can also generate Guaranteed Tax BASE-Aid expense. The changes in taxable value implied by SB 247 are not likely to generate any significant shift in state GTB payments or expense.

## 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>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
<b><u>Funding of Expenditures</u></b>				
<b><u>Revenues</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$4,600)	(\$5,000)	(\$5,000)
University	\$0	(\$300)	(\$300)	(\$300)
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>(\$4,900)</b>	<b>(\$5,300)</b>	<b>(\$5,300)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$4,600)	(\$5,000)	(\$5,000)
University	\$0	(\$300)	(\$300)	(\$300)

**Effect on County or Other Local Revenues or Expenditures****Department of Revenue**

1. The local taxable value exempted by SB 247 would result in proportional property tax shifts to other taxpayers in local jurisdictions where the exceptions are granted. These effects are assumed to be minor.

**Technical Concerns****Department of Revenue**

1. As written, the bill grants a tax rate reduction to property operated by a nonprofit shooting range, regardless of ownership. The land does not need to be owned by the shooting range to receive the lower tax rate.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date



Budget Director's Initials

3/25/2025

Date