Fiscal Note 2027 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill#/Title: **SB0237.02 (001): Require revenue interim committee to make a recommendation about property tax rates**

Primary Sponsor: Dave Fern   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

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	$0	$1,693	$0	$2,516
Revenues				
General Fund (01)	$0	$0	$0	$0
Net Impact	$0	($1,693)	$0	($2,516)
General Fund Balance				

Description of fiscal impact

The Department of Revenue by statute reappraises (sets the property tax market or productivity value) every two years for class three (ag land), class four (residential and commercial), and class 10 (forest land) property. The DOR estimates the values (15-7-111, and 5-11-210, MCA) of these types of property and the calculated class tax rates that would be taxable value neutral to the Legislative Revenue Interim Committee (5-5-227, MCA) in November of the second year of each reappraisal cycle (even calendar years). SB 237, as amended in the Senate Taxation Committee, requires the Revenue Interim Committee to make a recommendation to the next Legislature about whether to revise property tax rates based on the department's report. The amendment specifies what the committee may consider (the effects of the tax rates on property taxes, the maximum levy authorized under 15-10-420, MCA, and levies voted pursuant to 15-10-425, MCA). The Revenue Interim Committee typically has completed the interim business on or around the November before session. Due to the timing of this report, the Revenue Interim Committee will need to have one extra meeting to meet the obligations of SB 237.

FISCAL ANALYSIS

Assumptions
Legislative Branch
1. SB 237 requires the Interim Revenue Committee to provide a recommendation to the next legislature about whether to revise property tax rates for class three (15-6-133, MCA), class four (15-6-134, MCA), and class 10 (15-6-143, MCA) property types based on reporting provided by the Department of Revenue (15-7-111, MCA and 5-11-210, MCA).
2. Due to the timing of this report, the Revenue Interim Committee will require one extra meeting to meet the obligations of SB 237 due to the timing of the report. This meeting can be held online via Zoom.

3. The cost of one extra zoom meeting is $1,693.20 for the 2027 Biennium. This is for current salary of 12 committee members for 1 zoom meeting (1 zoom meeting x 12 members x $141.10 salary/taxes = $1,693.20)

4. HB 13, section 4, is pending adoption to change legislator pay to be 80% of the average hourly wage from the United States bureau of labor statistics and to update 5-2-301, MCA. If passed, legislators would receive this increase at the start of the 2027 session.

5. The cost for one extra zoom meeting is $2,516.11 for the 2029 Biennium. This is for salary of 12 committee members for 1 zoom meeting (1 zoom meeting x 12 members x $209.68 salary/taxes = $2,516.11) The salary and benefits calculation has been adjusted based on the assumed passage of HB 13.

Department of Revenue

6. The recommendation of adopting tax rates would not require extra work by the department.

Fiscal Analysis Table

Legislative Branch				
	FY 2026 Difference	**FY 2027 Difference**	**FY 2028 Difference**	**FY 2029 Difference**
Fiscal Impact				
Expenditures				
Personal Services	$0	$1,693	$0	$2,516
TOTAL Expenditures	$0	$1,693	$0	$2,516
Funding of Expenditures				
General Fund (01)	$0	$1,693	$0	$2,516
TOTAL Funding of Expenditures	$0	$1,693	$0	$2,516
Revenues				
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	$0	($1,693)	$0	($2,516)

Sponsor's Initials   3/26/25   Budget Director's Initials   3/25/2025

Sponsor's Initials   Date   Budget Director's Initials   Date