



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0892.01: Revise allocation of the insurance premium tax to fund property tax relief**

Primary Sponsor: Jane Gillette 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>
<b>Expenditures</b>				
General Fund (01)	\$10,025,000	\$10,025,000	\$10,000,000	\$10,000,000
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>Net Impact</b>	<u>(\$10,025,000)</u>	<u>(\$10,025,000)</u>	<u>(\$10,000,000)</u>	<u>(\$10,000,000)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 892 requires the Commissioner of Securities and Insurance to transfer \$10 million of the insurance tax revenue currently deposited to the state general fund to the state property assistance account established in SB 90. The bill is contingent on the passage of SB 90. There is a \$50,000 appropriation to the Department of Revenue for the 2027 Biennium for implementation of SB 90.

### FISCAL ANALYSIS

#### Assumptions

#### State Auditor's Office

1. The State Auditor's Office (SAO) manages the process for authorized insurers to file a tax report and pay the insurance premium tax as outlined in 33-2-705, MCA, on or before March 1 each year.
2. As outlined in 33-2-708(3)(b), MCA, 33% of the premium tax collected is deposited in a state special revenue account for the Healthy Montana Kids Plan. The remaining premium tax collections are deposited to the general fund.
3. HB 892 requires the SAO to transfer \$10 million of the premium tax deposited in the general fund under current law to the state property tax assistance account, provided for in new Section 2 of SB 90, at the end of each fiscal year.

#### Department of Revenue

4. There is an appropriation of \$50,000 to the Department of Revenue for the 2027 Biennium to implement SB 90.
5. Increasing the distribution to the property tax assistance account in SB 90 will increase the assistance per residence by approximately \$42.79 in FY 2026, \$42.42 on FY 2027, \$42.06 in FY 2028, and \$41.70 in FY 2029.

6. There are no additional costs to the department beyond those required for SB 90.  
 7. This bill is void if SB 90 fails to pass.

**Department of Administration**

8. As the state treasurer, the Department of Administration (DOA) will continue to assist the commissioner in depositing funds laid out in Section 1(3)(a) of the bill. This is already a normal state treasurer duty resulting in no fiscal impact for DOA.

**Fiscal Analysis Table****Department of Revenue**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$25,000	\$25,000	\$0	\$0
Local Assistance	\$0	\$0	\$0	\$0
Property Tax Assistance	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>TOTAL Expenditures</b>	<b>\$10,025,000</b>	<b>\$10,025,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$25,000	\$25,000	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>TOTAL Funding of Expenditures</b>	<b>\$10,025,000</b>	<b>\$10,025,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b><u>Revenues</u></b>				
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>TOTAL Revenues</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$25,000)	(\$25,000)	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**State Auditor's Office**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Transfers	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>TOTAL Expenditures</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
Local Assistance	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
<b>TOTAL Funding of Expenditures</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)

**STATEWIDE SUMMARY**

	<b><u>FY 2026 Difference</u></b>	<b><u>FY 2027 Difference</u></b>	<b><u>FY 2028 Difference</u></b>	<b><u>FY 2029 Difference</u></b>
<b><u>Fiscal Impact</u></b>				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b><u>Expenditures</u></b>				
Operating Expenses	\$25,000	\$25,000	\$0	\$0
Transfers	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Local Assistance	\$0	\$0	\$0	\$0
Property Tax Assistance	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Expenditures	<u>\$20,025,000</u>	<u>\$20,025,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$10,025,000	\$10,025,000	\$10,000,000	\$10,000,000
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Funding of Expenditures	<u>\$20,025,000</u>	<u>\$20,025,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>
<b><u>Revenues</u></b>				
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Revenues	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$10,025,000)	(\$10,025,000)	(\$10,000,000)	(\$10,000,000)
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

- HB 892 increases the property tax assistance available to each primary home, which counties may retain if the assistance is greater than a home's property tax liability.

**Technical Concerns****State Auditor's Office**

- This analysis assumes the annual \$10M transfer in Section 1, (3)(c) occurs after the 33% distribution to the Healthy Montana Kids (HMK) fund, resulting in a \$10M loss to the general fund each year. If the transfer should happen prior to the 33% distribution, then the general fund and the HMK funds would lose \$6.7M and \$3.3M per year.

**NOT SIGNED BY SPONSOR**

Sponsor's Initials

Date

4/4

Budget Director's Initials

4/3/2025

Date