



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0920.01: Provide property tax exemption for senior care facilities and housing**

Primary Sponsor: **Amy Regier**

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> |
|-----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$20,000 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$20,000)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 920 creates a property tax exemption for development of new senior care and housing by non-profit entities. This exemption would be approved by a local government (incorporated municipality, or county) and would exempt the property from all property taxation. Given the local nature of exemption approval and no knowledge of current projects meeting the criteria of the bill, the fiscal impact is unknown. The Department of Revenue would have implementation costs.

FISCAL ANALYSIS

Assumptions

1. HB 920 creates a temporary (up to two five-year period) tax exemption for the construction of senior care and housing developments by non-profit entities.
2. There is currently an exemption for care of "the retired, aged, or chronically ill and that are not operated for profit or gain" under 15-6-201(1)(n)(ii), MCA. This exemption has requirements that housing is available for low-income seniors.
3. HB 920 does not have the low-income housing requirement of the current exemption and is applicable to some amount of ancillary commercial businesses within the development other than the housing.
4. A tax-exempt senior care sponsor may apply to either a county or city, whichever is relevant, for the exemption for the development project for five years. The property They may apply again after that five-year timeline to receive a further five-year exemption.
5. There are no known developments meeting these new criteria, nor a guarantee that the local government will approve the application. Therefore, the assumption of fiscal impact is unknown.
6. The Department of Revenue will incur \$20,000 of contracted service costs for application development and system changes to support the exemption tracking and implementation.

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> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$20,000 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$20,000 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$20,000 | \$0 | \$0 | \$0 |
| TOTAL Funding of Expenditures | \$20,000 | \$0 | \$0 | \$0 |
| <u>Revenues</u> | | | | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$20,000) | \$0 | \$0 | \$0 |

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

1. The exemption created by HB 920 affects all property taxes, including taxing jurisdictions besides the exemption granting body.

Montana Association of Counties

2. MACO assumes that the applicability of the new tax exemption won't be significant. Regardless, exempting senior housing from property tax collections is unlikely to significantly impact county revenue.

Technical Concerns**Department of Revenue**

1. HB 920 does not define "final and operational" clearly as the exemption continues until "the date the project becomes operational by filling beds, an apartment, or other living facility." This appears to be in conflict with Section 6(3), which provides the developer, "may rent homes and multifamily projects for senior care facilities and housing without loss the temporary exemption."

AR

Sponsor's Initials

4/2/25

Date

RD

Budget Director's Initials

4/2/2025

Date