



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0874.01: Provide property tax rebate for entity that did not receive past rebates

Primary Sponsor: Jerry Schillinger 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 2025</u> <u>Difference</u>	<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)	\$83,900	\$35,116,900	\$0	\$0	\$0
<b>Revenues</b>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$83,900)</u>	<u>(\$35,116,900)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>					

### Description of fiscal impact

HB 874 allows entities that were not eligible for the rebates created by HB 222 of the 2023 Legislature to apply for that rebate for property taxes paid in 2022 and 2023. About 35,000 rebates are expected to be issued for each tax year of eligibility, totaling \$35 million. The Department will incur associated mailing costs.

### FISCAL ANALYSIS

#### Assumptions

1. Primary homes owned by (legal) entities, other than a revocable trust, were not eligible for the property tax rebate created by HB 222 of the 2023 Legislature. HB 222 authorized a rebate of up to \$500, based on the property taxes paid for the residence in Tax Year 2022 and Tax Year 2023.
2. HB 874 extends the termination date of the HB 222 rebates, and allows primary residences owned by entities to apply for the rebates between August 15, 2025, and October 1, 2025.
3. It is assumed entities will apply for both year's rebates on the same form.
4. The Department of Revenue will mail out approximately 45,000 postcards to potentially eligible properties to meet the notification deadline of June 30, 2025, in the bill. A follow-up letter will be mailed in August when the application window opens.
5. It is assumed 35,000 rebates will be claimed, by those eligible, for both tax years.
6. An expected \$35 million in rebates will be issued. The checks would be mailed to taxpayers.
7. Total mailing costs are estimated at \$63,900 in FY 2025 for the postcards, and \$96,900 in FY 2026 for follow-up letters and checks.
8. The department will spend \$20,000 in FY 2025 and FY 2026 on a media outreach campaign advertising this rebate option via newspaper, radio, and internet media.
9. The department will absorb costs associated with form changes and entity verification with existing resources.

## Fiscal Analysis Table

	<u>FY 2025</u> <u>Difference</u>	<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>					
Operating Expenses	\$83,900	\$116,900	\$0	\$0	\$0
Transfers	\$0	\$35,000,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b><u>\$83,900</u></b>	<b><u>\$35,116,900</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b><u>Funding of Expenditures</u></b>					
General Fund (01)	\$83,900	\$35,116,900	\$0	\$0	\$0
<b>TOTAL Funding of Expenditures</b>	<b><u>\$83,900</u></b>	<b><u>\$35,116,900</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b><u>Revenues</u></b>					
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>					
General Fund (01)	<u>(\$83,900)</u>	<u>(\$35,116,900)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Technical Concerns**

1. Subsection 6 references a property tax rebate as provided in 15-1-2304, MCA. 15-1-2304, MCA terminates on June 30, 2025 and HB 874 does not extend that termination date. This fiscal note assumes only \$500 per year rebate will be awarded per the language of 15-1-2302, MCA, rather than the \$675 authorized by 15-1-2304, MCA.
2. The bill should clarify if multiple taxpayers are eligible per entity or if only rebate claim may be made per entity.


  
 Sponsor's Initials


  
 Date


  
 Budget Director's Initials

 3/31/2025  
 Date