



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0434.01: Provide property tax rebate on principal residence based on taxes paid**

Primary Sponsor: **Wylie Galt**

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>
Expenditures					
General Fund (01)	\$462,700	\$96,178,983	\$0	\$0	\$0
Revenues					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
Net Impact	<u>(\$462,700)</u>	<u>(\$96,178,983)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance					

Description of fiscal impact

SB 434 creates a payment of up to \$400 for the property taxes paid by qualifying Montana homeowners for their primary residence. The payment is for taxes paid in Tax Year 2024, up to a maximum payment of \$400. Approximately 240,000 homeowners are expected to qualify for \$95.413 million total payments. These payments would be considered federal taxable income but would be exempt from Montana income taxes.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. SB 434 creates a general fund payment for the property taxes paid (to all jurisdictions) by qualifying homeowners on their primary residences in Tax Year 2024.
2. The bill puts forth qualification criteria that are essentially the same as those in HB 222 (2023).
3. About 1.6% of the successful payment claimants paid less than \$400 in taxes in Tax Year 2023, it is assumed this same percentage would also pay less than \$400 in Tax Year 2024. The average amount claimed by people who paid less than \$400 in taxes was \$250.49.
4. The TY 2022 payment had about 217,000 approved claimants, and the TY 2023 payment had about 226,000 approved claimants.
5. Based on increased awareness of the payments and newly qualifying homes in Tax Year 2024, it is estimated that approximately 240,000 homeowners will claim the payment contemplated by SB 434.
6. 1.6% of these claimants at \$250.49 each and 98.4% receiving \$400 yields a total of \$95.413 million.

DOR Costs

7. The department is required to mail notice to potentially eligible properties by June 30, 2025. It is estimated that the department will mail 310,000 postcards at \$1.42 each for a total cost of \$440,200 in FY 2025.

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(continued)

8. A follow-up mailing will be sent when the payment application window is activated in August at a cost of \$1.43 each. This will be an additional \$443,300 in mailing cost in FY 2026.
9. The call-center at the Department of Revenue will require 1.00 FTE for expected questions during the claim period in FY 2026.
10. The DOR will spend \$45,000 in advertising the payment in public media, half in FY 2025 and half in FY 2026.
11. There is an estimated \$223,200 in mailing cost for payment checks to approved claimants in FY 2026.
12. These costs are general fund expenses.
13. There is no appropriation in the bill for payments or Department of Revenue administrative costs.

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>
<u>Fiscal Impact</u>					
FTE	0.00	1.00	0.00	0.00	0.00
TOTAL Fiscal Impact	0.00	1.00	0.00	0.00	0.00
<u>Expenditures</u>					
Personal Services	\$0	\$64,872	\$0	\$0	\$0
Operating Expenses	\$462,700	\$698,153	\$0	\$0	\$0
Equipment	\$0	\$2,958	\$0	\$0	\$0
Transfers	\$0	\$95,413,000	\$0	\$0	\$0
TOTAL Expenditures	\$462,700	\$96,178,983	\$0	\$0	\$0
<u>Funding of Expenditures</u>					
General Fund (01)	\$462,700	\$96,178,983	\$0	\$0	\$0
TOTAL Funding of Expenditures	\$462,700	\$96,178,983	\$0	\$0	\$0
<u>Revenues</u>					
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>					
General Fund (01)	(\$462,700)	(\$96,178,983)	\$0	\$0	\$0

NO SPONSOR SIGNATURE

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Sponsor's Initials_____
Date_____
Budget Director's Initials3/1/2025

Date