

Fiscal Note Request SB0294, Final

(continued)

Estimated Amount of Property Taxes Paid Under Protest, by Centrally Assessed Property, After October 31, 2000						
Government Entity	FY01	FY02	FY03	FY04	FY01-04 Total	FY05
Local Gov and Schools	\$ 1,263,000	\$ 3,766,979	\$ 8,128,184	\$ 8,128,184	\$ 21,286,347	\$ 8,128,184
State General Fund	1,150,000	1,888,967	2,660,278	2,660,278	8,359,523	2,660,278
University System	72,206	118,604	167,033	167,033	524,876	167,033
TOTAL	\$2,485,206	\$ 5,774,550	\$ 10,955,495	\$ 10,955,495	\$ 30,170,746	\$ 10,955,495

6. It is assumed that, should the proposal become law, the state share of the protested payments for FY01 through FY03 would be distributed to the state in FY04. The amount to be distributed to the state will be the FY01 through FY03 amount plus the FY04 amount. For the state general fund this amount is estimated to be \$8,359,523. For the university system the amount is estimated to be \$524,876.
7. For FY05, the amount of protested taxes to be distributed to the state general fund is estimated to be \$2,660,278. For the university system the amount is estimated to be \$167,033.
8. Under current law, protested tax payments are released from the protest fund when the action (the protest) is finally determined (15-1-402(6), MCA). For the purposes of this fiscal note, it is assumed that the protests under current action will not reach final determination before FY2006.
9. It is assumed that taxpayers that made a protest of property taxes in FY2003 will also make protests of similar amounts in FY2004 and again in FY2005.
10. County treasurers would remit the state share of protested taxes on centrally assessed property to the state treasurer. Any administrative costs would be incurred by the Department of Administration.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The impact on local governments and local schools is dependent on the amount of protested taxes on centrally assessed property that continue to be withheld from local governments and local schools and the extent that local governments and local schools choose to access the protest fund. The table in assumption 6 shows the estimated amount of protested taxes on centrally assessed property for local governments and local schools from FY01 through FY05.

LONG-RANGE IMPACTS:

The amount of protested property taxes on centrally assessed property is difficult to estimate. The amounts listed in the table in assumption 6 should not be treated as an ongoing revenue source. The proposal does not generate any new revenue. A benefit of the proposal is that the protested taxes on centrally assessed property are available to the state (and local governments and local schools that choose to access the protest fund) sooner than under current law *if* the final determination is favorable to governments. If the final determination is adverse to governments, then the state (and those local governments and local schools that chose to access the protest fund) will not have funds available in the protest fund to cover the necessary payments to taxpayers.