

MONTANA STATE SENATE
2007 LEGISLATURE

VISITOR REGISTER

TAXATION

DATE 2-09-07

BILLS BEING HEARD TODAY SB-139

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Tom M Sa	439-9515	self	SB139	X	
Jo Ann Post	449-7179	self	SB139	X	
Paul Maxwell	449-7179	SELF	SB139	X	
[unclear]	495-9946	SELF	SB 139	X	
Ann [unclear]	442-4673	Self	SB139	X	
Tom B. [unclear]	2-4250	NEA/MT	SB139	X	
Don Judge	459-1708	Teamsters Local 190	SB 139	X	
JACQUE HOLT	544-9682	UNITE HERE LOCAL AFL-CIO	SB139	X	
DAN CASEY	459-0725	self	SB139	X	
S. [unclear]	3-5693	self	SB139	X	
JOE [unclear]	782-5772	Self	SB139	X	
Sandy Shree	442-0200	Self	SB139	X	
Don Bucks	444-1900	MT DOR	SB139	X	
WEBB Brown	442-2405	MT CHAMBER	SB139	X	
Ann Dooling	451-8714	to Self	SB139	X	
DOUGLAS H NEIL	899-0246	MT STATE FIREMEN'S ASSN	SB139	X	
Jack Trethewey	265-8023	MT State Firemen's Assn	SB139	X	
Bill Kenney	256-2701	Yellowstone County Com.	SB139	X	
JASON MILLER	465-4365	MT AFL-CIO	SB139	X	
Jane [unclear]	476-3439	Self	SB139	X	
Ann Kuntzweiler	933-8245	Self	SB139	X	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # SB0139

Title: Governor's \$400 property tax rebate

Primary Sponsor: Harrington, D.

Status: As Introduced

- Significant Local Gov Impact
 Include in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$88,853,158	\$0	\$0	\$0
Revenue:				
General Fund	\$4,021,685	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$84,831,473)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal Impact:

This bill provides a rebate of up to a \$400 in property taxes to qualified Montana homeowners on their primary residence.

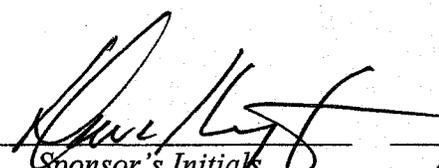
FISCAL ANALYSIS

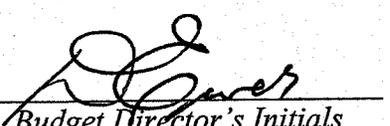
Assumptions:

- Section 2 of this bill would provide owners of a primary residence in Montana a rebate on tax year 2006 property taxes up to a maximum of \$400.
- Based on figures from the 2005 American Community Survey, there are 254,458 owner-occupied houses in Montana.
- Using 2006 consolidated mill levies, an estimated 206,221 owners qualified for the rebate were assessed \$400 or more in ad valorem property taxes on their primary residence. The estimated rebate for these taxpayers would be \$82,488,400 (\$400 X 206,221).

4. For the remaining 48,273 qualified owners who were assessed less than \$400 in ad valorem property taxes on their primary residence, it is estimated the total taxes assessed would be \$8,051,105. This is the estimated rebate amount for these taxpayers.
5. The total estimated rebate due would be \$90,539,505 ($\$82,448,400 + \$8,051,105$). This fiscal note assumes the full rebate amount would be paid in FY 2008 and 97% of the rebate will be claimed. Based on these assumptions, the impact of the rebate on the general fund in FY 2008 is \$87,823,320 ($\$90,539,505 \times 97\%$).
6. Taxpayers who claim an itemized deduction for property taxes on their 2006 state income tax returns would be required to report their rebates as income on their 2007 tax returns. It is assumed that all income taxpayers who itemize would be receiving \$400 in rebate.
7. In 2005, 161,311 resident households claimed an itemized deduction for property taxes. This will grow 3% annually to 170,990 in tax year 2007. The 3% growth rate is based upon the growth rate for the most recent comparable period available. These households will report their rebates as an additional \$68,396,000 ($\$400 \times 170,990$) of income on the 2007 income tax returns they file in the spring of 2008.
8. In 2005, the average marginal tax rate of taxpayers who claimed an itemized deduction for property taxes was 5.88%. Taxpayers who receive rebates and took an itemized deduction for property taxes in 2006 will owe an additional \$4,021,685 ($5.88\% \times \$68,396,000$) when they file their 2007 income tax returns in the spring of 2008.
9. The Department of Revenue will hire 58 temporary employees (8.00 Full-Time Equivalents) to administer the rebate program. Personal services costs for these employees are \$215,634. Associated operating costs including rent, phones, minimal training, supplies, and computer connections are \$66,756. Computer systems costs are \$300,000. The cost of developing, printing, and mailing rebate checks will be \$447,478. Total costs to the department for the administration of the rebate program are \$1,029,868.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	8.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$215,634	\$0	\$0	\$0
Operating Expenses	\$814,234	\$0	\$0	\$0
Other	\$87,823,320	\$0	\$0	\$0
TOTAL Expenditures	\$88,853,188	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$88,853,188	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$4,021,685	\$0	\$0	\$0
TOTAL Revenues	\$4,021,685	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$84,831,503)	\$0	\$0	\$0

 /1/8/07
 Sponsor's Initials Date

 1/5/07
 Budget Director's Initials Date