



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0223

Title: Provide property tax exemption for non-profit shooting ranges

Primary Sponsor: Miller, Mike

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$10,500	\$0	\$0	\$0
Revenue:				
General Fund		***** Unknown *****		
State Special Revenue		***** Unknown *****		
Net Impact-General Fund Balance:		***** Unknown *****		

Description of fiscal impact: This bill would provide an automatic property tax or beneficial use tax exemption for a shooting range that met the requirements of this bill. The fiscal impact to the state would likely be small however, a fiscal impact cannot be determined because the number of affected shooting ranges cannot be estimated.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Under current law, a non-profit shooting range may be granted a property tax exemption if it has been granted an IRS 501(c)(3) tax-exempt nonprofit status.
2. This bill would provide an automatic property tax or beneficial use tax exemption for a shooting range that:
 - a. is incorporated as a Montana Nonprofit Corporation provided in Title 35, chapter 2;
 - b. has been an active shooting range for five continuous years; and,
 - c. is an association, club, or organization that accepts as members any person that holds or is eligible to hold a Montana hunting license, does not limit the number of members, and charges a membership fee that is not greater than the per-member share of the organization's reasonable costs of operation.

3. There are 145 archery and shooting ranges in Montana as identified by Montana Department of Fish, Wildlife and Parks. This list is not a comprehensive list and there are likely shooting ranges in Montana that are not included.
4. The Department of Revenue cannot estimate the number of shooting ranges that would be granted property tax exempt status by HB 223 for the following reasons: a) The exact number of shooting ranges in Montana is not known, given that the list referred to in Assumption #3 includes archery ranges and is not comprehensive; b) some shooting ranges have already been granted property tax exemptions under an IRS 501(c)(3) exemption after filing the necessary paper work; and c) an unknown number of shooting ranges would meet the qualifications required under the provisions of this bill.
5. A fiscal impact for revenue cannot be estimated because the number of affected shooting ranges cannot be estimated for reasons stated in Assumption #4. Though, it is believed that the fiscal impact to the state would likely be small.
6. This bill requires system implementation costs of \$10,500 in FY 2014 for development and testing of the property tracking changes to the property tax data system.

<u>Fiscal Impact:</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Department of Revenue	Difference	Difference	Difference	Difference
<u>Expenditures:</u>				
Operating Expenses	\$10,500	\$0	\$0	\$0
TOTAL Expenditures	\$10,500	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$10,500	\$0	\$0	\$0
TOTAL Funding of Exp.	\$10,500	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)		***** Unknown *****		
State Special Revenue (02)		***** Unknown *****		
TOTAL Revenues		***** Unknown *****		
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)		***** Unknown *****		
State Special Revenue (02)		***** Unknown *****		

Effect on County or Other Local Revenues or Expenditures:

1. The magnitude of the taxable value reduction for schools and local jurisdictions is estimated to be small. Although any taxable value reduction would lead to tax shifts to other local taxpayers.

Technical Notes:

1. There is no limitation to the number of acres that would qualify for the exemption provided by HB 223. The absence of a limit opens the potential for abuse of this exemption if an exemption is claimed for large tracts of land that are not reasonably part of a shooting range.

2. HB 223 states that the exemption is automatic for qualified shooting ranges, which means that an application process is unnecessary. Under current law, an automatic exemption is afforded only to government entities and other nonprofit organizations upon completion of the required application process.
3. It may be difficult to define a special improvement district that “directly benefits” the building or land of a shooting range that is exempted under HB 223.

Sponsor's Initials

Date

Budget Director's Initials

Date