



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill #	HB0340	Title:	Revising the residential property tax credit for the elderly
Primary Sponsor:	Hopkins, Mike	Status:	As Introduced

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input 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 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,719,000)	(\$1,650,000)	(\$1,581,000)	(\$1,512,000)
Net Impact-General Fund Balance:	<u>(\$1,719,000)</u>	<u>(\$1,650,000)</u>	<u>(\$1,581,000)</u>	<u>(\$1,512,000)</u>

Description of fiscal impact: HB 340 increases the maximum credit amount for the Elderly Homeowner / Renter credit from \$1,000 to \$1,700 starting tax year (TY) 2019. This results in a reduction in general fund revenue of approximately \$1.6 million per fiscal year.

FISCAL ANALYSIS

Assumptions:

Department of Revenue (DOR)

- Under current law, individuals who are at least 62 years old, have a total household income of less than \$45,000 each year, and occupied a Montana residence for at least six months during year, may qualify for an income tax credit that is a portion of the property tax, or the rent equivalent, paid by the taxpayer.
- HB 340 changes the Elderly Homeowner / Renter credit by increasing the maximum allowable credit from \$1,000 to \$1,700 each tax year. The proposed change starts in TY 2019.
- In TY 2017, there were 21,017 taxpayer households that filed an Elderly Homeowner/Renter credit form.
- Using those forms, the department estimates that increasing the maximum credit amount would have increased the amount of credits claimed to \$10.150 million.
- Applying the HJ 2 and LFD extended forecast growth rate results in the following tax year impacts:

Table 1				
Elderly Homeowner Renter Credit Amounts				
Tax Year	Current Law	Growth Rate	Proposed Law	Change in Revenue
2017	\$8,293,000		\$10,150,000	0
2018	\$7,985,000	-3.7%	\$9,773,000	0
2019	\$7,676,000	-3.9%	\$9,395,000	(\$1,719,000)
2020	\$7,368,000	-4.0%	\$9,018,000	(\$1,650,000)
2021	\$7,059,000	-4.2%	\$8,640,000	(\$1,581,000)
2022	\$6,751,000	-4.4%	\$8,263,000	(\$1,512,000)
2023	\$6,442,000	-4.6%	\$7,885,000	(\$1,443,000)

6. It is assumed that taxpayers will not change their withholding, or estimated payments.
7. Taxpayers claim credits when they file returns during the first half of the next calendar year. Any change in revenue that occurs in a tax year will result in a reduction in revenue the following fiscal year.
8. The department does not expect to incur any significant costs as a result of HB 340.

<u>Fiscal Impact:</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Department of Revenue	Difference	Difference	Difference	Difference
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$1,719,000)	(\$1,650,000)	(\$1,581,000)	(\$1,512,000)
TOTAL Revenues	(\$1,719,000)	(\$1,650,000)	(\$1,581,000)	(\$1,512,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,719,000)	(\$1,650,000)	(\$1,581,000)	(\$1,512,000)

MH
Sponsor's Initials

2/5/19
Date

TL
Budget Director's Initials

2/4/19
Date