



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0394	Title:	Exempt certain pollution control and carbon capture equipment from property tax
Primary Sponsor:	Noland, Mark	Status:	As Introduced

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

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 394 proposes to make the temporary, ten-year, exemption for certain pollution control and carbon capture property placed in service after January 1, 2014, a permanent exemption.

FISCAL ANALYSIS

Assumptions:

Department of Revenue (DOR)

- Under current law, (air and water) pollution control and carbon capture (class 5) property placed in service after January 1, 2014 receives a ten year exemption from property tax.
- Under current law, the first property this bill would have an impact on would be scheduled to come on the tax rolls in FY 2026. As a result, HB 394 is not anticipated to have a fiscal impact during the forecast period contained in this fiscal note.

Department of Environmental Quality (DEQ).

- HB 394 does not change the effective date (January 1, 2014) of the current exemption. Equipment certified after that date would receive life of the equipment tax exemption without requiring additional certification.
- HB 394 does not impact the review currently performed by the DEQ, required by 15-6-135, MCA; therefore, there is no impact to the resources necessary to complete the pollution control tax certifications.
- This bill has no fiscal impact to the Department of Environmental Quality (DEQ).

Long-Term Impacts:

Department of Revenue

1. In TY 2020, the market value of property currently exempted under the 10-year exemption was \$379.247 million. Assuming a 3% assessment rate, this property represents \$11.377 million in taxable value, and \$1.081 million in 95 mill revenue that would be permanently exempted under the provisions of HB 394. Local mill shifts would be approximately four-to-five times the 95 mill impact statewide, and would result in local jurisdiction tax shifts proportional to the presence of this class 5 property in each respective jurisdiction.

Mark Roland 2/19/21
Sponsor's Initials Date

KA
Budget Director's Initials

2/16/21
Date