



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0138

Title: Repeal temporary tribal property tax exemption

Primary Sponsor: Hertz, Greg

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 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$1,140	\$3,420	\$5,700	\$7,980
State Special Revenue	\$50	\$150	\$250	\$350
Net Impact-General Fund Balance:	\$1,140	\$3,420	\$5,700	\$7,980

Description of fiscal impact: SB 138 repeals 15-6-230, MCA, the temporary exemption for certain tribal lands during applications tribal trust status with the United States. The temporary exemption is for five years or until the application is denied. After passage of SB 138 the department would no longer accept temporary tribal property tax exemption applications .

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Data from the last three tax years was used to estimate the fiscal impact of SB 138. This data is summarized in the following table:

Tax Year	Market Value	Taxable Value	95 Mills	6 Mills
2018	\$2,542,000	\$44,700	\$4,200	\$300
2019	\$82,600	\$1,800	\$200	\$10
2020	\$1,448,300	\$25,400	\$2,400	\$200
Average	\$1,357,600	\$24,000	\$2,280	\$100

Fiscal Note Request – As Introduced

(continued)

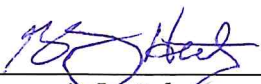

- Based on the three year averages, the market value was \$1.358 million, and the taxable value was \$24,000. The general fund tax revenue reduction was \$2,280, and the Montana University System (MUS) six mill tax expenditure was \$100.
- SB 138 is effective upon passage. For FY 2022, it is assumed the impact will be reduced by 50%.
- The estimated impact will compound in the subsequent five years as the properties failing to receive the exemption in the first year will fail to receive the exemption in the second year in addition to the 'new' properties that will no longer receive the exemption.
- It is not anticipated that this bill will have any significant implementation costs for the department.

Fiscal Impact:	FY 2022	FY 2023	FY 2024	FY 2025
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Department of Revenue				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$1,140	\$3,420	\$5,700	\$7,980
State Special Revenue (02)	\$50	\$150	\$250	\$350
TOTAL Revenues	\$1,190	\$3,570	\$5,950	\$8,330
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,140	\$3,420	\$5,700	\$7,980
State Special Revenue (02)	\$50	\$150	\$250	\$350

Effect on County or Other Local Revenues or Expenditures:

Department of Revenue

- To the extent local taxable value in districts with this property rises due to SB 138, local mills will drop proportionally.

 _____ Sponsor's Initials	1/28/21 _____ Date	 _____ Budget Director's Initials	1/27/21 _____ Date
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