



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

<b>Bill #</b>	HB0191	<b>Title:</b>	Revise residential property tax credit for elderly
<b>Primary Sponsor:</b>	Hopkins, Mike	<b>Status:</b>	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>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$1,912,955)	(\$1,844,637)	(\$1,776,319)	(\$1,708,001)
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,912,955)</u>	<u>(\$1,844,637)</u>	<u>(\$1,776,319)</u>	<u>(\$1,708,001)</u>

**Description of fiscal impact:** HB 191 increases the maximum claimable Elderly Homeowner/Renter credit from \$1,000 to \$1,700. This would reduce general fund revenue by \$1,912,955 in FY 2022. The revenue loss decreases to \$1,708,001 by FY 2025.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

- Under current law, individuals who are at least 62 years old, with a total annual household income of less than \$45,000 and occupied a Montana residence for at least nine months during the year, may qualify for an individual income tax credit that is a portion of the property tax, or rent equivalent, paid by the taxpayer. The credit is currently capped at \$1,000 for each taxpayer household.
- HB 191 increases the maximum Elderly Homeowner/Renter credit amount from \$1,000 to \$1,700. The new maximum credit first applies starting tax year (TY) 2021.
- In TY 2019, there were 15,250 taxpayer households that claimed approximately \$8 million in Elderly Homeowner/Renter credits.
- Using the information provided in the Elderly Homeowner/Renter Credit Schedules provided by the 15,250 households claiming the credit, the department estimates that increasing the maximum credit would have increased the total amount of credits claimed by the households to \$10,107,977.

5. Applying the HJ 2 and LFD extended forecast growth rate assumptions for the credit results in the following tax year impacts:



Elderly Homeowner Renter Credit				
Tax Year	Current Law	Growth Rate	Proposed Law	Change in Revenue
2019	\$8,058,386		\$10,107,977	\$0
2020	\$7,789,780	-3.3%	\$9,771,053	\$0
2021	\$7,521,173	-3.4%	\$9,434,128	(\$1,912,955)
2022	\$7,252,567	-3.6%	\$9,097,204	(\$1,844,637)
2023	\$6,983,961	-3.7%	\$8,760,280	(\$1,776,319)

6. It is assumed that taxpayers will not change their withholding or estimated payments.  
 7. As taxpayers file their TY 2021 returns in FY 2022, the proposed bill reduces income tax revenue by \$1,912,955 in FY 2022, \$1,844,637 in FY 2023, \$1,776,319 in FY 2024 and \$1,708,001 in FY 2025.

Elderly Homeowner Renter Credit Amounts				
Fiscal Year	Current Law	Growth Rate	Proposed Law	Change in Revenue
2021	\$7,789,780		\$7,789,780	\$0
2022	\$7,521,173	-3.40%	\$9,434,128	(\$1,912,955)
2023	\$7,252,567	-3.60%	\$9,097,204	(\$1,844,637)
2024	\$6,983,961	-3.70%	\$8,760,280	(\$1,776,319)
2025	\$6,715,354	-3.80%	\$8,423,355	(\$1,708,001)

8. The change made by HB 191 can be made as part of the department’s annual change process. The department does not expect to incur any significant additional costs because of this bill.

<b>Fiscal Impact:</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b>Department of Revenue</b>				
<b>FTE</b>	0.00	0.00	0.00	0.00
<b>Expenditures:</b>				
Personal Services	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Funding of Expenditures:</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Revenues:</b>				
General Fund (01)	(\$1,912,955)	(\$1,844,637)	(\$1,776,319)	(\$1,708,001)
<b>TOTAL Revenues</b>	<u>(\$1,912,955)</u>	<u>(\$1,844,637)</u>	<u>(\$1,776,319)</u>	<u>(\$1,708,001)</u>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</b>				
General Fund (01)	(\$1,912,955)	(\$1,844,637)	(\$1,776,319)	(\$1,708,001)

\_\_\_\_\_ Date \_\_\_\_\_ Budget Director's Initials \_\_\_\_\_ Date 1/25/21

Sponsor's Initials Date Budget Director's Initials Date