



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0391 - Require local user fee on certain exempt property (Essmann, Sherry)

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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$55,227	\$52,953	\$53,589	\$54,239
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$55,227)</u>	<u>(\$52,953)</u>	<u>(\$53,589)</u>	<u>(\$54,239)</u>

Description of fiscal impact: HB 391 requires that local municipalities and counties shall assess a fee against certain exempt property for public safety and road maintenance. The user fee is based on the square footage of the exempt improvements, or a flat fee on parcels of land without improvements. The Department of Revenue will require 0.50 FTE to provide support to local governments in administering this bill.

FISCAL ANALYSIS

Assumptions:**Department of Revenue (DOR)**

1. HB 391 requires that fees must be collected against exempt properties by counties and cities or towns.
2. The department expects that Counties and municipalities will request the department certify that square footage of exempt properties in their jurisdiction.
3. The department anticipates that some counties would ask the DOR to add the fees to the property tax record.
4. The DOR will require 0.50 FTE to fulfill these expected obligations.

<u>Fiscal Impact:</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>Department of Revenue</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$43,669	\$44,256	\$44,729	\$45,211
Operating Expenses	\$11,558	\$8,697	\$8,860	\$9,028
TOTAL Expenditures	\$55,227	\$52,953	\$53,589	\$54,239
<u>Funding of Expenditures:</u>				
General Fund (01)	\$55,227	\$52,953	\$53,589	\$54,239
TOTAL Funding of Exp.	\$55,227	\$52,953	\$53,589	\$54,239
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$55,227)	(\$52,953)	(\$53,589)	(\$54,239)
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Effect on County or Other Local Revenues or Expenditures:

Department of Revenue

1. Under HB 391, local governments will have greater ability to raise revenues for the support of public safety and road maintenance. The level of fee that local jurisdictions will select is unknown.

Montana League of Cities and Towns

2. HB 391 could provide a positive, but currently unquantifiable, increase in revenue.

Montana Association of Counties

3. The bill does not provide a basis for the level of fee counties might levy. Under 7-6-4013, MCA, Counties must hold a hearing and adopt a resolution to establish fees. Counties may impose fees that are “reasonable and related to the cost of providing the service”. This bill requires a fee, but there may be no nexus between the cost of providing service and a mandatory fee of any kind.

Technical Notes:

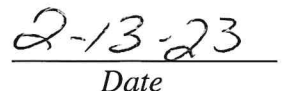
Department of Revenue

1. There is no effective date on the bill, making the default start date October 1, 2023 (FY 2024), ahead of property tax billing tax year 2024. Therefore, it is assumed that these fees would not be able to be levied until TY 2024, allowing local governments to consider these fees when setting their FY 2025 budgets.


 Sponsor's Initials


 Date


 Budget Director's Initials


 Date