



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0931 - Provide a partial property tax exemption for high efficiency transmission lines (Galloway, Steven)

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	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$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 931 provides for a partial property tax exemption for advanced conductor transmission lines that replace existing overhead transmission lines beginning TY 2024. HB 931 has no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

- HB 931 provides for a partial property tax exemption for advanced conductor transmission lines that replace existing overhead transmission lines beginning TY 2024. The assessed value of the new line may not exceed the value of the replaced line for a period of ten years after installation. The bill could potentially affect certain types of classes 5, 7, 9, and 14 of centrally assessed property.
- By keeping the value of these transmission lines the same, state and local governments would not realize the increase in taxable value of newly installed advanced transmission lines for ten years.
- It is assumed that there will not be any substantial advanced conductor transmission lines that replace existing overhead transmission lines in operation during the fiscal note window. The exemption would reduce future property tax revenue from any such future transmission lines.

Effect on County or Other Local Revenues or Expenditures:

1. Local governments would not realize the increase in taxable value of newly installed advanced conductor transmission lines for ten years. The amount of this specific property installation and corresponding increase in taxable value currently unknown but assumed to be *de minimus* in the forecast window.

Long-Term Impacts:

1. The exemption provided for in HB 931 lasts for ten years. After that period, the property will be valued at its full market value.

Technical Notes:

1. The Department of Revenue does not have the engineering expertise to determine whether a transmission line meets the requirements of classification as an advanced conductor transmission line set forth in the bill. It may be more appropriate for the certification to be made by those more qualified to make that determination. For example, current transmission lines that qualify as class 14 property must be certified by the Montana Department of Environmental Quality as described in 15-6-157, MCA.



Sponsor's Initials

Date



Budget Director's Initials

3-30-23

Date