



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0016 - Revise the distribution period for a Montana farm/ranch risk management account (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 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
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balanc	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 16 reduces the tax-free holding period for deposits in Farm and Ranch Risk Management accounts from five years to three years. There is no, or *de minimis*, fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, an individual or family farm corporation can setup a Farm and Ranch Risk Management account. With the action, the taxpayer can deposit up to 20% of their net income from agriculture activities each year, with a limit of \$20,000. Income deposited into the account is exempt from Montana income tax. Funds deposited into the account must be withdrawn within five years, at which point the income becomes taxable income.
- SB 16 changes the distribution eligibility period from five years to three. The changes apply starting TY 2023.
- Changing the distribution eligibility period from five to three years is not expected to have an impact on the number, and timing, of distributions from a qualified account.

Sponsor's Initials

1-3-23

Date

Budget Director's Initials

1-2-23

Date