



Revenue Interim Committee

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68th Montana Legislature

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TO: Members of the Revenue Interim Committee

FROM: Megan Moore, Committee staff

DATE: October 27, 2023

RE: 2007 Property Tax Rebates Originally Proposed by Gov. Schweitzer

This memorandum is in response to a question at the September Revenue Interim Committee meeting about the reason for the 2007 property tax rebates.

Rep. Jon Sonju sponsored [House Bill 9](#) (HB 9), which enacted property tax rebates in a May 2007 special legislative session. The 2007 rebates were available to homeowners who occupied their homes as a principal residence for at least 7 months in 2006. The maximum rebate amount was \$400 and taxpayers who paid less than \$400 in property taxes could claim the rebate on taxes paid in 2005 and 2004, up to the \$400 maximum.

The House and Senate Taxation Committees held a brief, joint hearing on HB 9 during the May 2007 special session. There was no testimony on the bill, though the sponsor briefly mentioned that the bill contained provisions considered during the regular legislative session.

Some legislators who voted against the bill preferred permanent property tax relief, while others wanted to provide rebates to renters.¹ In supporting the bill, Senate President Mike Cooney stated during floor debate that one-time rebates were necessary because the surplus was one-time money.

Regular Session Property Tax Relief Bills Fail to Pass

Though Rep. Sonju sponsored the rebate bill, Gov. Brian Schweitzer originally proposed the \$400 rebates in the summer of 2006 to provide property tax relief with a portion of the expected state surplus.² By the time the legislative session began in January 2007, the surplus was an estimated \$1 billion.³ Sen. Dan Harrington sponsored the governor's \$400 tax rebate bill, [Senate Bill 189](#). The bill passed the Senate in mid-January, but the House Taxation Committee tabled it in late March.

The House Majority Leader, Rep. Michael Lange, sponsored a competing tax relief proposal, [House Bill 356](#). The Republican proposal would have decreased the 40 mills for state equalization to 15 mills and provided an income tax credit for property taxes paid on a primary residence. The combined mill reduction and income tax credit were designed to provide a minimum of \$400 to all owners of a primary residence. The House Taxation Committee did not take executive action on the bill, and it missed the transmittal deadline.

¹ Comments of Sen. Bob Story and Sen. Ron Erickson, respectively, Senate Taxation Committee, May 15, 2007.

² "Schweitzer Proposes Property Tax Rebate Plan," Becky Bohrer, *Billings Gazette*, June 28, 2006.

³ "Property Taxes Seen as Battleground" Jennifer McKee, *Independent Record*, Jan. 1, 2007.