



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0140: Provide property tax assistance for law enforcement and firefighters injured in the line of duty**

Primary Sponsor: Curtis Schomer Status: As Introduced

Included in the Executive Budget       Needs to be included in HB 2       Significant Local Gov Impact

Significant Long-Term Impacts       Technical Concerns       Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$34,000	\$40,000	\$40,000
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	(\$200)	(\$200)	(\$200)
State Special Revenue (02)	\$0	\$0	\$0	\$0
MUS	\$0	(\$2,000)	(\$2,000)	(\$2,000)
SEPTR	\$0	(\$32,000)	(\$38,000)	(\$38,000)
<b>Net Impact</b>	<u>\$0</u>	<u>(\$34,200)</u>	<u>(\$40,200)</u>	<u>(\$40,200)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 140 creates an Injured First Responder (IFR) property tax assistance program that exempts up to 100% of an eligible taxpayer's home value based on income. The program is estimated to affect 64 properties in Tax Year 2026, with an estimated average tax benefit of about \$2,600. State levied property taxes will see lower collections, and some local tax shifts will occur because of this program.

### FISCAL ANALYSIS

#### Assumptions

1. The IFR program is structured similarly to the Montana Disabled Veterans (MDV) property tax assistance program.
2. The IFR has very similar but slightly more generous income brackets than the MDV program. It is assumed that the average benefit of the IFR will be equivalent to the average benefit of the MDV program.
3. In TY 2024 (FY 25), the average benefit for someone enrolled in MDV was a taxable value reduction of \$4,382. This translates to an average tax benefit of \$2,335.
4. Approximately 19% of this average benefit is due to state equalization mills deposited to the School Equalization and Property Tax Reduction account (SEPTR), university mills, and the vocational technical education mills which are deposited to the general fund.
5. The average taxable reduction of \$4,382 is grown by the expected reappraisal growth contained in HJ 2 of 21.6% in FY 26, 0% in FY 27, 14.5% in FY 28, and 0% in FY 29.

6. The 95 equalization mills and 6 university mills are multiplied against this average taxable value reduction to find the reduction in equalization revenue and university revenue respectively.
7. Since the vocational technical education mills are only levied in five counties, the weighted average value of the 1.5 vocational technical education mills is 0.5 mills. This is multiplied by the average taxable value reduction to find the reduction in general fund revenue.
8. Since local mills generally float, the remaining 81% of tax benefit to properties enrolled in the IFR represents tax shifts onto other properties.
9. The first year affected by HB 140 is Tax Year 2026, which corresponds to FY 2027.
10. The table below summarizes the average loss or tax shift associated with each property by fiscal year.
- 11.
12. Number of taxpayers eligible for this program was sourced from the Montana Public Employee Retirement Administration. The table below summarizes disability benefits in the programs identified in New Section 2 (9)(b).
- 13.
14. There are 62 members receiving disability benefits as identified in the table above. It is assumed all these members are homeowners that would qualify for the property tax exemption based on their income, and that their income distribution would be similar to the income distributions for the MDV program.
15. Additionally, it is assumed that each year, two additional properties would be approved for the program based on surviving spouse applications or newly disabled first responders.
16. This puts the number of annual properties receiving the benefits of the IFR program at 64 in FY 2027, 66 in FY 2028, and 68 in FY 2029.
17. The average table is multiplied by the expected number of annual beneficiaries to arrive at the total revenue effects by fund displayed below.
18. Given the relatively small number of expected applicants, DOR will absorb implementation costs associated with this new program.

**Fiscal Analysis Table**


	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Transfers	\$0	\$34,000	\$40,000	\$40,000
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$34,000</b>	<b>\$40,000</b>	<b>\$40,000</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$34,000	\$40,000	\$40,000
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$34,000</b>	<b>\$40,000</b>	<b>\$40,000</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$0	(\$200)	(\$200)	(\$200)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$32,000)	(\$38,000)	(\$38,000)
MUS	\$0	(\$2,000)	(\$2,000)	(\$2,000)
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>(\$34,200)</b>	<b>(\$40,200)</b>	<b>(\$40,200)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$34,200)	(\$40,200)	(\$40,200)
State Special Revenue (02)	\$0	\$0	\$0	\$0
SEPTR	\$0	(\$32,000)	(\$38,000)	(\$38,000)
MUS	\$0	(\$2,000)	(\$2,000)	(\$2,000)

**Effect on County or Other Local Revenues or Expenditures**

1. Approximately 80% of the tax savings of beneficiaries of this program are tax shifts onto other properties since it is assumed that local mills will float upward. Total taxable value is expected to be about 0.01% lower than under current law, and local mills will be higher by a proportionate amount.

**Technical Concerns**

1. While the bill includes firefighters in the definition of first responders, New Section 2 (9)(b) only includes one of the firefighter retirement systems. The Firefighters Unified Retirement System is not included in the list of programs granting eligibility to the IFR program and contains several disability beneficiaries.

  
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Sponsor's Initials

1-21-25  
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Date

  
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Budget Director's Initials

1/17/2025  
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Date