



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0192.01: Provide for digital advertising tax

Primary Sponsor: Jeremy Trebas 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 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$670,209	\$200,076	\$202,644	\$205,257
<b>Revenues</b>				
General Fund (01)	\$9,476,000	\$48,081,000	\$51,564,000	\$54,911,000
<b>Net Impact</b>	<u>\$8,805,791</u>	<u>\$47,880,924</u>	<u>\$51,361,356</u>	<u>\$54,705,743</u>
<b>General Fund Balance</b>				

#### Description of fiscal impact

SB 192 creates a 10% tax on digital advertising revenue in Montana. This bill is estimated to increase general fund revenue by \$9,476,000 in FY 2026, \$48,081,000 in FY 2027, \$51,564,000 in FY 2028, and \$54,911,000 in FY 2029. Total estimated costs to the department to implement and administer this bill are \$670,209 in FY 2026, \$200,076 in FY 2027, \$202,644 in FY 2028, and \$205,257 in FY 2029.

### FISCAL ANALYSIS

#### Assumptions

##### Department of Revenue

1. SB 192 creates a tax on digital advertising revenue in Montana. The tax would be 10% of all digital advertising revenue attributed to Montana for each taxpayer with annual global digital advertising revenue of at least \$25 million.
2. It is unknown how much digital advertising revenue is generated in Montana each year, so to estimate the amount, US digital advertising revenue was multiplied by Montana's share of total US gross domestic product (GDP) in the professional and technical services North American Industry Classification System (NAICS) industry, which includes marketing and advertising.
3. US digital advertising revenue is estimated to be approximately \$351 billion in calendar year 2026, increasing to \$426 billion in CY 2029. Montana's share of US GDP in the marketing and advertising industry is approximately 0.15%.
4. It is assumed that at least 90% of digital advertising revenue is generated by taxpayers with at least \$25 million in global digital advertising revenue so the digital advertising revenue apportioned to Montana is multiplied by 90% to get the estimated taxable digital advertising revenue under this bill. These calculations and estimated tax revenue by calendar year are shown in the table below.

Calendar Year	US Digital Ad Revenue (millions)	MT Share of US Ad GDP	MT Digital Ad Revenue (millions)	Taxable Digital Ad Revenue (millions)	Digital Ad Tax Revenue (millions)
2026	\$351,000	0.150%	\$526.434	\$473.791	<b>\$47.379</b>
2027	\$377,000	0.150%	\$565.429	\$508.886	<b>\$50.889</b>
2028	\$402,000	0.150%	\$602.925	\$542.632	<b>\$54.263</b>
2029	\$426,000	0.150%	\$638.920	\$575.028	<b>\$57.503</b>

- This bill is effective January 1, 2026 and requires taxpayers to file their returns by April 15<sup>th</sup> of the following year. Taxpayers with expected digital advertising revenue of more than \$1 million are required to make quarterly estimated payments.
- Based on these requirements and the timing relative to fiscal years, it is assumed that 20% of the CY 2026 tax revenue would be collected in FY 2026 and the remaining 80% collected in FY 2027. This distribution would apply to future years as well. Tax revenue from this bill would be deposited in the general fund.
- This bill is estimated to increase general fund revenue by \$9,476,000 in FY 2026, \$48,081,000 in FY 2027, \$51,564,000 in FY 2028, and \$54,911,000 in FY 2029.
- To implement and administer this bill, the Department of Revenue would need to hire two additional tax examiners and would incur a one-time cost of \$475,000 in contracted services to create a new tax type within the department’s integrated revenue information system. Total estimated costs to the department are \$670,209 in FY 2026, \$200,076 in FY 2027, \$202,644 in FY 2028, and \$205,257 in FY 2029.

**Fiscal Analysis Table**

<b>Department of Revenue</b>				
	<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>				
FTE	2.00	2.00	2.00	2.00
<b>TOTAL Fiscal Impact</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$170,987	\$173,170	\$175,386	\$177,637
Operating Expenses	\$499,222	\$26,906	\$27,258	\$27,620
<b>TOTAL Expenditures</b>	<b>\$670,209</b>	<b>\$200,076</b>	<b>\$202,644</b>	<b>\$205,257</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$670,209	\$200,076	\$202,644	\$205,257
<b>TOTAL Funding of Expenditures</b>	<b>\$670,209</b>	<b>\$200,076</b>	<b>\$202,644</b>	<b>\$205,257</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$9,476,000	\$48,081,000	\$51,564,000	\$54,911,000
<b>TOTAL Revenues</b>	<b>\$9,476,000</b>	<b>\$48,081,000</b>	<b>\$51,564,000</b>	<b>\$54,911,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$8,805,791	\$47,880,924	\$51,361,356	\$54,705,743

JRT  
Sponsor's Initials

02/12/2025  
Date

  
Budget Director's Initials

2/12/2025  
Date