Montana Department of Revenue

Dan Bucks
Director

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Memorandum

To: Revenue and Transportation Interim Committee

From: Larson Silbaugh, Tax Policy Analyst

Date: August 2, 2010

Subject: Fiscal Impacts of LC4006

At the April Revenue and Transportation Committee meeting, the Department was requested to prepare a fiscal analysis for a bill draft that reduces the notch effects of both the PTAP (property tax assistance program) and DAV (disabled American Veterans) programs by increasing the number of income brackets in each program. The following analysis compares LC4006 to current law and estimates the fiscal impact for 2010.

The total fiscal impact of LC4006 would be a reduction in 6 mill revenue of $3,556 and state general fund 95 mill revenue of $56,412. This is the combined impact of altering the PTAP and DAV Programs. In addition, LC4006 would increase the amount of local property taxes shifted to other local property taxpayers by $294,079.

	6 mill	95 mill	Local Taxes
Change in PTAP	-$160	-$2,629	-$12,963
Change in DAV	-$3,396	-$53,783	-$281,116
Total Impact	**-$3,556**	**-$56,412**	**-$294,079**

- LC 4006 would decrease the 6 mill university revenue by $160 and the state general fund 95 mill revenue by $2,629 paid by PTAP participants.

	6 mill	95 mill	Local Taxes
Current Law PTAP	$ 300	$4,756	$23,751
Proposed Law PTAP	$ 140	$2,217	$10,788
Difference	-$160	-$2,629	-$12,963

- LC 4006 would decrease the 6 mill university revenue by $3,396 and the state general fund 95 mill revenue by $53,783 paid by DAV participants.

	6 mill	95 mill	Local Taxes
Current Law DAV	$18,830	$298,156	$1,529,611
Proposed Law DAV	$15,434	$244,373	$1,248,495
Difference	-$3,396	-$53,783	-$281,116

LC4006 just alters existing programs but it is not expected to increase participation or increase the workload of the department.