



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0510 - Provide property tax incentives for alternative fuel production (Fitzpatrick, Steve )

**Status:** As Amended in House

- 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>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 510 adds renewable diesel production facilities and sustainable aviation fuel production facilities to the list of facilities that are eligible for the energy production or development property tax abatement. These facilities apply for the abatement through the Department of Environmental Quality (DEQ) and, if approved, are assessed at 50% of their taxable value. The amendment prohibits otherwise eligible facilities that claim the new or expanding industry abatement from receiving this abatement. Due to the amendment, there are no existing facilities that would be eligible for the abatement, so there is no fiscal impact to the state. However, the amendment also provides an option for facilities receiving the new or expanding industry exemption to terminate that exemption and apply for the abatement provided by SB 510. Additionally, the date of construction commencement is returned to 2020 or later from 2022 or later, which had been changed by a previous amendment.

### FISCAL ANALYSIS

**Assumptions:**

1. There is one facility, located in Great Falls, that would be incentivized to switch from the new and expanding industry abatement to the abatement established by SB 510. The existing new and expanding industry abatement exempts 50% of taxable value for five years and phases out at 10% annually for the next five years, while the SB 510 abatement exempts a full 50% of taxable value for 15 years.

2. Additionally, the new and expanding industry abatement applies only to local mills, while the SB 510 abatement would apply to local and state mills.
3. If the Great Falls facility switched, there would be no local impact in the short-term, but the 15-year abatement would extend the existing local impact beyond the timeline of the current abatement, which is in its second year.
4. Also, if the facility switched, the state would see an immediate decrease in revenue from the 95 state equalization mills, 6 university mills, and 1.5 vo-tech mills.
5. General fund revenue would decrease by \$750,000 in FY 2025, \$834,000 in FY 2026, and \$928,000 in FY 2027. State special revenue would decrease by \$47,000 in FY 2025, \$52,000 in FY 2026, and \$58,000 in FY 2027.
6. The zero fiscal impact in this fiscal note assumes current conditions will remain unchanged, but it is likely that the Great Falls facility would terminate their new and expanding industry abatement to receive the abatement provided in SB 510.

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**NO SPONSOR SIGNATURE**

	5.1.23		5-1-23
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>