

**From:** [Cole, Dylan](#)  
**To:** [Moore, Megan](#); [Coles, Jaret](#)  
**Cc:** [Dale, Eric](#); [McNay, Aaron](#); [Franklin, Ralph](#); [Evans, Ryan](#)  
**Subject:** RE: RIC 2EC modeling  
**Date:** Wednesday, March 25, 2026 1:04:23 PM  
**Attachments:** [image002.png](#)  
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[HB 831 Summary Page.xlsx](#)

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Megan (and Jaret),

I've completed working on a dynamic excel workbook that will take in multiple parameters of the tax credit and spit out an estimate of the number of new credit claimants and new expenditure of the tax credit. This workbook uses data matched from primary homeownership and income tax data to create a dataset of elderly homeowners. As the parameters of the tax credit are changed, the tax credit is simulated for all elderly homeowners including those who do not currently qualify. Elderly renters are simulated from an assumption that they will follow the same general trend as homeowners. I had originally planned to release this workbook to legislators to play with the levers of the credit as they wished, however there was concern about data confidentiality since income data is involved. Instead, I will answer the bullet points from Megan.

- HB 831(2025) – After updating with current year property tax data, the estimate for the expenditure of HB 831 is \$2.2 million, which is \$1.4 million less than the estimate for HB 831. This is largely due to the expansion of PTAP by HB 189 from the 2023 Legislature, which reduced property tax amounts for homeowners who qualify, as well as the provisions of SB 542 and HB 231 which reduced property taxes for primary homeowners. The newly qualifying number of claimants is roughly the same at 3,000 more as compared to current law. I've attached the summary output page of the model along with an explanation of what is happening.
- Increase gross household income limit on credit – this is not easily answerable without additional direction because it involves modifying the phase-out area. As a reminder, the phase out currently begins at \$35,000 at 40% of the credit. The credit phases out at 10% increments per \$2,500 in income, which results in 0% credit by \$45,000 in income. HB 831 changed the credit maximum to \$50,000 by changing the phase out beginning at \$35,000 to 60% of the credit and keeping the same \$2,500 per step down.
- Increase eligibility to age 65 – This eliminates about 10% of people who claimed the credit in 2024. This is a feature of the program that can be modified via the excel workbook.
- Increase rent % - Rent equivalent property tax at 18% of total rent results in a \$540,000

increase in expenditure with an average tax credit per renter increasing from \$639 to \$752, while a 20% rent equivalent property tax multiplier would result in an \$820,000 increase in expenditure with the average tax credit per renter increasing up to \$813.

- Consider revising starting point of calculation to FAGI - We'd have to think through how to adjust the calculation – This would require significant and thoughtful changes, likely requiring a redesign of the credit from the ground up. For example, if the program adopted the same income standard as PTAP (income without regard to capital or business loss) under the same credit structure as current law, the tax credit would more than triple in terms of claimants and expenditure.

The workbook I have built can easily do the following:

Change the maximum credit amount.

Change the income exclusion amount.

Change the rent equivalent property tax multiplier.

Change the minimum age from 62 to 65.

Change the phase out (and maximum income levels).

Changes to the “reduction ratio” of 15-30-2340 (4). This acts as a ‘skin in the game’ element, requiring taxpayers to pay at least a portion of their income as taxes. If maximum credit amounts are increased substantially, it is probably appropriate to tweak this part of the credit. If a legislator has the time and inclination, we could work through changing income definitions. This will need to be combined with structural changes to the other aspects of the credit rather than tweaks to current numbers.

Legislators should keep in mind that significant expansion of the credit claimants may result in additional FTE requests. Reworking income definitions and removing the requirement for household calculation may mitigate this.

I am happy to correspond directly with interested legislators via email, phone, or teams to walk through the options for tweaking this tax credit.

**How did we do? Let us know!**

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- (1) The Elderly Homeowner and Renter Credit can be represented by this equation:  
Tax Credit = Property Tax Paid - [(Gross Income - Income Exclusion) x Reduction Ratio]

The HB 831 tab shows the summary output of the model, with the aspects of the program that were changed by HB 831 in light green, and the pieces that were not changed in salmon. Any of the areas that are shaded can be altered and the cumulative effect of all changes will be simulated over the population of elderly homeowners. Renter information is estimated from the effects on homeowners. For example if we expect a 20% increase in homeowners claiming credits, we expect to see a 20% increase in renters claiming credits.

- (3) The maximum credit amount can be adjusted. The current law maximum credit is \$1,150. HB 831 altered this to \$1,400.

(4) The income exclusion amount can be adjusted. The income exclusion amount is used in two aspects of the credit calculation. First a greater exclusion reduces the amount of net income a taxpayer determines their reduction ratio with (see instruction step 8), secondly a greater exclusion results in less of a reduction in tax credit amount. Both aspects increase maximum credit calculations. This is the most straightforward way to influence the reduction ratio. The current income exclusion is \$12,600. HB 831 altered this to \$14,100

(5) The rent equivalent multiplier can be adjusted from a list of 15%, 18%, or 20%. The higher the percentage conversion, the higher the credit calculation for renters. For example, a monthly rent of \$1,200 means a yearly rent of \$14,400. The current rent equivalency of 15% yields \$2,160 as the property tax equivalent. A rate of 20% would yield \$2,880 as the property tax equivalent.

(6) The age criteria can be changed from the current 62 or older to 65 or older. We have data on the homeowners who are 65 or older, but not any other age, so any age besides 65 is much more of a shot in the dark. Changing the minimum age to 65+ disqualifies about 10% of current taxpayers claiming the credit.

(7) The phase out can be changed. Currently the phase out of the credit begins immediately for Gross Household Income above \$35,000 and there is a sharp benefit cliff at \$34,999. An additional dollar of income at this level a taxpayers potential credit benefit by \$690. Note that the income exclusion referenced in step 5 is not relevant to the phase out, since the phase out references Gross Household Income rather than Net Household Income. HB 831 began the phaseout at 60% instead of 40%, and kept the same step down of 10% per \$2,500 of income down to 0%, which meant extending eligibility to households earning between \$45,000 and \$50,000. There is no reason to follow this same format. For example the 10% stepdowns could happen per \$5,000 of income. The number of homeowners and renters falling into each phase-out category is displayed.

(8) The reduction ratio of 15-30-2340 (4) can be changed. This is step acts as a "skin in the game" element to the tax credit. As income levels rise, the calculated credit a taxpayer is eligible for is reduced. There are counts included in columns J and K for both Homeowners and Renters that show how many people with a positive credit calculation are in each bracket. The vast majority of taxpayers are in the last bracket, where their credit amount is the taxes paid minus 5% of their net income. This means they are paying at least 5% of their income, less the exclusion, as property tax or rent equivalent. This reduction ratio requires the taxpayer to pay at least the selected percentage of their income as property tax. This piece of the program is more nebulous to change, and increasing the exclusion interacts with this portion by decreasing both the reduction ratio of taxpayers and the portion of income the reduction ratio is applied against. The number of people in each bracket is displayed. HB 831 made no changes to this portion of the law.

(9) As aspects of the tax credit are changed, the counts of properties in the phase out steps and reduction ratio steps will dynamically update, and the summary tables will update with total amounts of credit participants and total dollars of the credit, as well as newly qualifying participants and new expenditure.

(10) These numbers are not guarantees of what will be in a fiscal note!

Phase out Levels and Counts						Reduction Ratio Levels and Counts					
Lower	Upper	Phase Out	Homeowners at Phaseout Level	Renters at Phaseout Level		Lower	Upper	Reduction Ratio	Homeowners at Reduction Level	Renters at Reduction Level	
	35,000	100%	6,120	4,348			1,000	0.00%	1,223	1,284	
35,000	37,500	60%	722	284		1,000	2,000	0.00%	-	-	
37,500	40,000	50%	761	253		2,000	3,000	0.60%	241	191	
40,000	42,500	40%	790	225		3,000	4,000	1.60%	225	211	
42,500	45,000	30%	745	182		4,000	5,000	2.40%	255	224	
45,000	47,500	20%	704	73		5,000	6,000	2.80%	224	197	
47,500	50,000	10%	708	71		6,000	7,000	3.20%	283	180	
50,000	52,500	0%	-	-		7,000	8,000	3.50%	303	180	
52,500	55,000	0%	-	-		8,000	9,000	3.90%	255	210	
55,000	57,500	0%	-	-		9,000	10,000	4.20%	309	223	
57,500	60,000	0%	-	-		10,000	11,000	4.50%	234	173	
60,000	62,500	0%	-	-		11,000	12,000	4.80%	233	221	
62,500	65,000	0%	-	-		12,000	And Up	5.00%	6,765	2,142	
65,000	67,500	0%	-	-					10,550	5,436	
67,500	70,000	0%	-	-							
70,000	72,500	0%	-	-							
72,500	75,000	0%	-	-							
75,000	77,500	0%	-	-							
77,500	80,000	0%	-	-							
80,000	And Up	0%	-	-							
<b>Total Participants</b>			<b>10,550</b>	<b>5,436</b>							

<b>Maximum Credit</b>	<b>Income Exclusion</b>	<b>Rent Equivalent Multiplier</b>
\$1,400	\$14,100	15%
<b>Age Criteria</b>	<b>Income Definition</b>	
62	Current	

Homeowners				
Credit Count	Credit \$\$	Average Credit	New Claimants	New Expenditure
10,550	\$6,074,905	\$576	2,011	\$1,505,893

Renters				
Credit Count	Credit \$\$	Average Credit	New Claimants	New Expenditure
5,436	\$3,498,309	\$644	1,070	\$707,205

Total				
Credit Count	Credit \$\$	Average Credit	New Claimants	New Expenditure
15,986	\$9,573,214	\$599	3,081	\$2,213,098