

FISCAL NOTE

This bill contains an appropriation of \$88,400,000 from the GENERAL FUND to the Department of Revenue (Department).

DETAIL OF APPROPRIATION

Agency #: 011 Agency Name: Department of Revenue

Unit: 0301: Property Tax

| EXPENDITURE BY SERIES AND YEAR | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|-----------------------------------|--------------|------------|--------------|--------------|--------------|
| 0600 Grant & Aid Payments | \$0 | \$0 | \$28,600,000 | \$29,500,000 | \$30,300,000 |
| Total Expenditure Per Year: | \$0 | \$0 | \$28,600,000 | \$29,500,000 | \$30,300,000 |
| Grand Total Expenditure: | \$88,400,000 | | | | |
| Total Appropriated to Agency: | \$88,400,000 | | | | |
| Total Appropriated by Fund: | | | | | |
| GENERAL FUND | \$88,400,000 | | | | |

Description of appropriation:

This bill creates a homestead exemption on the portion of residential real property used as a primary residence, including up to one acre of land. The exemption is for the first \$50,000 of fair market value of the primary residence for an owner who is 64 years of age or less, the first \$100,000 of fair market value for an owner who is between the ages of 65 and 74, and the first \$150,000 of fair market value for an owner who is 75 years of age or older.

The Department will use the appropriation to reimburse local governments for losses in revenue resulting from the homestead exemption created by the bill. Reimbursements will be pro-rated if the appropriation is insufficient to fully reimburse all local governments.

The exemption and appropriation are for the period beginning January 1, 2025 and ending December 31, 2027. This period covers property tax payments made in fiscal years (FYs) 2026, 2027, and 2028.

| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|---|------------|----------------|----------------|----------------|
| NON-ADMINISTRATIVE IMPACT | | | | |
| Anticipated Revenue (decrease) | | | | |
| SCHOOL FOUNDATION FUND (12 mills) | | (\$13,300,000) | (\$13,700,000) | (\$14,100,000) |
| AD VALOREM TAX (local taxing entities) | | (\$28,600,000) | (\$29,500,000) | (\$30,300,000) |

| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
|--------------------------------------|---------|--------------|--------------|--------------|
| NON-ADMINISTRATIVE IMPACT | | | | |
| Anticipated Expenditure increase | | | | |
| SCHOOL FOUNDATION FUND (31 mills) | | \$34,400,000 | \$35,400,000 | \$36,500,000 |

Source of revenue decrease and expenditure increase:

The School Foundation Program (SFP) 12 mill levy and local taxing entities experience a revenue decrease beginning in FY 2026 due to the exemption created by the bill.

The SFP will experience both an entitlement expenditure increase and a recapture revenue decrease from the decrease in K-12 school district local revenues attributable to the 31 mills. The estimated impact from the revenue decrease attributable to the 31 mills is shown above as an expenditure increase from the SFP.

Assumptions:

The Department bases the above estimates on tax year 2023 residential property data pulled from the statewide CAMA system, the statewide average mill levy of 68.773, and forecast growth in the assessed value of non-mineral property found in Table 9 of the October 2023 Consensus Revenue Estimating Group report. Owner-occupancy rates and age estimates for owner-occupied households come from 2022 Wyoming and County Profiles and Census data provided by the Economic Analysis Division.

Based on the information above, this bill would decrease residential property taxes by approximately \$76.3 million in tax year 2025 (FY 2026), approximately \$78.6 million in tax year 2026 (FY 2027) and approximately \$80.9 million in tax year 2027 (FY 2028). Of the estimated impact, the decreased revenues from the 43 mills supporting the SFP are approximately \$47.7 million, \$49.1 million and \$50.6 million in tax years 2025, 2026 and 2027 (FYs 2026, 2027 and 2028) respectively.

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