

Real estate transfer tax to offset property tax.

24LSO-0321, 1.0

FISCAL NOTE

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND	\$0	(\$230,000)	(\$290,000)
AD VALOREM TAX	\$0	(\$430,000)	(\$540,000)
	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
SCHOOL FOUNDATION FUND	\$0	\$590,000	\$750,000

Source of revenue (decrease) and expenditure increase:

This bill creates an excise tax on the sale of real property of one percent on the total value of the real property in excess of \$1.0 million. This bill also reduces the assessment rate for all other property from 9.5 percent to 9.38 percent, effective January 1, 2025 (2025 tax year), reducing property taxes beginning in FY 2026. The estimated net decreases in property tax revenues from the statewide 12 mill levy to the School Foundation Program (SFP) and to other local taxing entities are provided in the revenue decrease table above.

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

Assumptions:

The revenue increases from the proposed excise tax on the sale of real property are estimated at \$10.0 million per year based on sales in tax years 2022 and 2023. This estimate could be impacted by tax year 2023 sales not yet processed and commercial sales with undisclosed tangible and intangible personal property.

The revenue decreases from the proposed assessment rate decrease are estimated at \$11.25 million in tax year 2025 and \$11.58 million in tax year 2026. The revenue decreases from the reduced assessment rate are based on tax year 2023 assessed values and 2023 county average mill levies from the 2023 Department of Revenue Annual Report. Tax year 2023 assessed valuation data is adjusted by the projected non-mineral property assessed value growth rates reflected in Table 9 of the January 2024 Consensus Revenue Estimating Group forecast.

The net revenue decreases from the proposed excise tax and the proposed assessment rate decrease are \$1.25 million in tax year 2025 (FY26) and \$1.58 million in tax year 2026 (FY27). Of this total net impact, the net total decreased revenue from the 43 mills supporting the SFP is approximately \$820,000 in tax year 2025 (FY26) and approximately \$1,040,000 in tax year 2026 (FY27).

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