

FISCAL NOTE

	FY 2024	FY 2025	FY 2026
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND (12 mills)	(\$3,700,000)	(\$83,000,000)	(\$1,200,000)
AD VALOREM TAX (Local Taxing Entities)	(\$6,300,000)	(\$139,900,000)	(\$1,900,000)
	FY 2024	FY 2025	FY 2026
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
SCHOOL FOUNDATION FUND (31 mills)	\$9,700,000	\$214,500,000	\$3,000,000

Source of revenue decrease and expenditure increase:

This bill provides a property tax reduction for tax year 2024. The amount of tax would be reduced by 16.67 percent for industrial property in tax year 2024 and for mineral production in calendar year 2024. The amount of tax would be reduced by 33.33 percent for all other property in tax year 2024.

The Public School Foundation Program Account (SFP) will experience both an expenditure increase in the form of school district entitlement payments and a revenue decrease in the form of school district recapture payments from the 31 mill revenue decrease in K-12 local revenues to school districts. The impact from the revenue decrease in the 31 mills is shown above as an expenditure increase from the SFP.

Assumptions:

The above estimates are based on the 2023 tax year assessed valuation of property in the "all other" property class and the "industrial property" class from the 2023 State Board of Equalization Abstract and Mill Levy Report. The tax year 2023 non-mineral assessed valuation data is adjusted by the projected non-mineral property assessed value growth rate of 5 percent for tax year 2024 reflected in Table 9 of the January 2024 Consensus Revenue Estimating Group (CREG) forecast. The above estimate is also based on the projected assessed valuation of mineral production reflected in Table 9 of the January 2024 CREG forecast. The property tax reductions are based on the average mill levies applied to tax year 2023 mineral valuations (63.215 mills) and non-mineral valuations (65.959 mills) computed from information in the 2023 Department of Revenue Annual Report.

Based on the information described above, this bill decreases tax year 2024 property taxes by approximately \$463,200,000. A majority of the impact takes place in FY 2025, however there are smaller impacts in FY 2024 and FY 2026 due to the payments on mineral production. The revenue decrease is disaggregated in the table above by the revenue decreases in the 12 mills to the SFP, the 31 mills to K-12 school districts, and the estimated mills to local taxing entities.

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