

FISCAL NOTE

	FY 2022	FY 2023	FY 2024
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND (12 mills)	\$0	(\$9,000)	(\$10,000)
AD VALOREM TAX (other taxing entities)	\$0	(\$21,000)	(\$22,000)

	FY 2022	FY 2023	FY 2024
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
SCHOOL FOUNDATION FUND (31 mills)	\$0	\$24,000	\$25,000

Source of revenue (decrease):

Property tax exemption for business property owners that have business property with assessed value of \$2,400 or less in one county;

Source of expenditure increase(decrease):

The School Foundation Program (SFP) will experience both an entitlement expenditure increase and recapture revenue decrease from the 31 mill revenue decrease in K-12 local resource to school districts. This impact is shown above as an expenditure increase to the SFP.

Assumptions:

In tax year 2020, there were 38,246 locally assessed accounts for commercial, industrial, and oil & gas equipment statewide. Of this total, 7,180 had an assessed value less than \$2,400. The assessed value of these accounts (\$702,249) would be deemed exempt from taxation under this bill. Over the past three years, the number of commercial, industrial, and oil & gas equipment accounts has increased by approximately 5 percent per year. Therefore, the fiscal impact estimate is adjusted by 10% for FY 2023 and an additional 5% for FY 2024.

The fiscal impact of the proposed exemption depends on several factors that are unknown to the Department of Revenue (DOR) and cannot be determined:

- Cannot determine if taxpayers operate in more than one county and value is prorated;
- DOR cannot determine the impact, if any, on department assessed properties. The DOR appraises companies involving a unitary method in which the companies don't typically report individual assets, therefore making it impossible for us to identify any business personal property value that may be included within their appraisal.

The fiscal impact of repealing the current criminal penalty and creating a civil fee for failing to report property to county assessors is indeterminable due to an unknown number of cases.

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