

**FISCAL NOTE**

	FY 2023	FY 2024	FY 2025
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND (12 mills)	(\$4,300,000)	(\$78,600,000)	(\$2,000,000)
AD VALOREM TAX (local taxing entities)	(\$7,400,000)	(\$136,500,000)	(\$3,400,000)

	FY 2023	FY 2024	FY 2025
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Expenditure increase			
SCHOOL FOUNDATION FUND (31 mills)	\$11,100,000	\$203,100,000	\$5,100,000

Source of revenue (decrease):

This bill provides a property tax reduction for tax year 2023. The amount of tax would be reduced by 16.67 percent for industrial property and for mineral production. The amount of tax would be reduced by 33.33 percent for all other property.

Source of expenditure increase:

The School Foundation Program (SFP) will experience both an entitlement expenditure increase and a recapture revenue decrease from the 31 mill revenue decrease in K-12 local resource 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 estimate is based on the 2022 tax year assessed valuation of property in the "all other" property class and the "industrial property" class from the 2022 State Board of Equalization Abstract and Mill Levy Report. The tax year 2022 non-mineral assessed valuation data is adjusted by the projected non-mineral property assessed value growth rate for tax year 2023 reflected in Table 9 of the January 2023 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 2023 CREG forecast. The property tax reductions are based on the average mill levies applied to tax year 2022 mineral valuations (63.817 mills) and non-mineral valuations (66.216 mills) computed from information in the 2022 Department of Revenue Annual Report.

Based on the information described above, this bill would decrease tax year 2023 property taxes by a total of approximately \$451.5 million. Most of this impact would take place in FY 2024, however there are smaller impacts in FY 2023 and FY 2025 due to the payments on mineral production. This revenue decrease is broken down in the table above by the revenue decreases in the 12 mills to the SFP, the 31 mills to K-12 local resource and the estimated mills to local taxing entities.

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