

FISCAL NOTE

	FY 2025	FY 2026	FY 2027
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
GENERAL FUND	\$1,480,000	\$1,560,000	\$1,600,000

Source of expenditure increase:

Refund payments at graduated rates to program applicants with household incomes between 125 percent and 175 percent of county or state median household income.

Assumptions:

This bill adds five new tiers of eligible taxpayers to the state property tax refund program.

Under current law, applicants with gross income that does not exceed 125 percent of the higher of the state median gross income or the median gross income of their county of residence receive 75 percent of their prior year's property tax, up to a maximum of one-half of the median residential property tax liability for their county of residence.

The bill adds the following tiers of income and maximum refund payments:

- For gross income between 125 percent and 135 percent of the applicable median income, the refund shall be 85 percent of the maximum refund;
- For gross income between 135 percent and 145 percent of the applicable median income, the refund shall be 65 percent of the maximum refund;
- For gross income between 145 percent and 155 percent of the applicable median income, the refund shall be 45 percent of the maximum refund;
- For gross income between 155 percent and 165 percent of the applicable median income, the refund shall be 25 percent of the maximum refund;
- For gross income between 165 percent and 175 percent of the applicable median income, the refund shall be 5 percent of the maximum refund.

The above estimated expenditure increase is based on counts of households within each income tier for each county for 2022, maximum refund payments from the 2023 tax year, the October 2023 CREG forecast of nonmineral property growth of 5.0 percent for the 2024 tax year and 3.0 percent for the 2025 tax year, and participation rates in the refund program among eligible households for tax year 2022 refunds.

The participation rate among eligible households for tax year 2022 refunds is estimated to be around 9.4 percent statewide, ranging among counties from 3.4 percent to 21.4 percent. The above estimate assumes the same participation rate for future years and for all income tiers. A higher realized participation rate would increase not only the cost of the property tax refund program but also the impact of this bill.

The estimated expenditure increase for FY 2025 and FY 2026 in the table above is also included in the Department of Revenue's Agency Estimate of Administrative Impact.

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Department of Revenue