

Property tax exemption-specified real property.

24LSO-0442, 1.0

**FISCAL NOTE**

	FY 2025	FY 2026	FY 2027
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND (12 mills)	(\$49,000,000)	(\$49,800,000)	(\$50,500,000)
AD VALOREM TAX (local taxing entities)	(\$84,000,000)	(\$85,500,000)	(\$87,000,000)

	FY 2025	FY 2026	FY 2027
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Expenditure increase			
SCHOOL FOUNDATION FUND (31 mills)	\$126,600,000	\$128,600,000	\$130,500,000

Source of revenue decrease and expenditure increase:

This bill establishes a property tax exemption to the assessed value of residential and commercial real property. The amount of the exemption is any assessed value of the property that is in excess of the prior year taxable value of the property plus the rate of change in the median household income for the county where the property is located as determined by the department of workforce services or 3 percent, whichever is less.

For tax year 2024, the prior year taxable value used to determine the exemption shall be the assessed value of the property in 2019 plus the rate of change in the median household income for the county where the property is located or 3 percent, whichever is less, for each tax year from 2020 to 2023.

The exemption is not applicable if the taxpayer acquired the property during the prior calendar year. The exemption shall first apply to the tax year beginning January 1, 2024, affecting property taxes paid to the Public School Foundation Program Fund (SFP), K-12 school districts, and other local taxing entities in fiscal year (FY) 2025.

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

Assumptions:

The above estimates are based on tax year 2019 through tax year 2023 residential and commercial real property assessed values and average 2023 mill levies by county. Future assessed values are projected based on the forecast growth in the assessed value of non-mineral property found in Table 9 of the January 2024 Consensus Revenue Estimating Group report. The rates of change in median household income by county are calculated from 2019 through 2022 Wyoming and County Profiles from the Economic Analysis Division. Future rates of change are assumed to be the average rate of change over that period. It is unknown when and which properties are acquired by new taxpayers each year, but the annual

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proportion of residential and commercial properties sold each year is estimated from data from the Department of Revenue from 2013 to 2023 and is assumed to be independent of property values.

Based on the information above, this bill would decrease residential and commercial property taxes by an estimated \$259.6 million in tax year 2024 (FY 2025), an estimated \$263.9 million in tax year 2025 (FY 2026), and an estimated \$268.0 million in tax year 2026 (FY 2027). Of the estimated total impact, the decreased revenue from the 43 mills supporting the SFP is an estimated \$175.6 million in tax year 2024 (FY 2025), an estimated \$178.4 million in tax year 2025 (FY 2026), and an estimated \$181.0 million in tax year 2026 (FY 2027).

**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

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