

FISCAL NOTE

The fiscal impact in the form of a revenue decrease is indeterminable due to a lack of state data on the acquisition values of residential and commercial real property in the state.

The bill establishes that the base year fair market value for residential and commercial real property is the acquisition value of the property on the date the property was most recently acquired. The base year value shall be increased each year by an inflation factor of the lesser of 3 percent or the change in the Consumer Price Index. The bill is effective January 1, 2025, reducing property taxes in tax year 2025, paid in fiscal year (FY) 2026.

A similar bill, 2024 HB 0127, establishes a property tax exemption to residential and commercial property in the amount of the assessed value over the property's 2019 assessed value increased each year by the lesser of 3 percent or the change in county median incomes; the exemption is reset when the property is acquired by a new owner. That bill was estimated to reduce residential and commercial property taxes statewide by \$260 million in tax year 2024 (FY 2025). While indeterminable, this bill is anticipated to reduce residential and commercial property taxes by a larger annual amount, since the base year in this bill is not 2019 but the year of acquisition, which potentially could be prior to 2019 for many properties.

The State Board of Equalization indicates it may incur additional costs related to increased litigation volume.

The Department of Revenue indicates there would be additional administrative costs to develop a CAMA system capable of implementing the bill. These administrative costs are indeterminable at this time.

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