

FISCAL NOTE

The fiscal impact, in the form of property tax revenue decreases to the School Foundation Program (SFP), school districts and local governments, is indeterminable.

This bill reduces the assessment rate of residential real property from the current 9.5 percent to a proposed 8.3 percent.

This bill also establishes the fair market value of residential properties in accordance with the following:

- For property acquired on or before December 31, 2019, the base year value for the property is the fair market value on January 1, 2019.
- For property last acquired on or after January 1, 2020 and before December 31, 2025, the base year value for the property is the fair market value of the property on January 1 of the year the property was last acquired.
- For property acquired on or after January 1, 2026, the acquisition value shall be used as the base year value for the property, except as provided in the proposed W.S. 39-13-103(b)(xviii)(IV).
- Base year values shall be adjusted annually by an inflation factor of the lesser of 2 percent or the annual rate of the Consumer Price Index.

The proposed changes described above are effective January 1, 2026 (tax year 2026), reducing property taxes in paid in fiscal year (FY) 2027.

A similar bill, 2024 HB 0127 (Property tax exemption-specified real property), established 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 was reset when the property was acquired by a new owner. 2024 HB 0127 was estimated to reduce residential and commercial property taxes statewide by approximately \$260 million in the first tax year. While indeterminable, the decrease in the assessment rate from 9.5 percent to 8.3 percent would make the revenue decrease from this bill larger in comparison, while its applicability to residential property only would make the revenue decrease from this bill less in comparison.

The State Board of Equalization (Board) indicates it will almost certainly incur increased expenditures related to increased litigation from this bill. The Board indicates this fiscal impact is indeterminable. The Department of Revenue also indicates there will be additional programming expenditures required to modify the statewide Computer Assisted Mass Appraisal (CAMA) System to implement the bill. These increased expenditures are also indeterminable at this time.

This bill may require the Legislature to appropriate additional funds from the SFP for increased entitlement payments to ensure sufficient funding is available to offset the reduction in revenue generated by the school district 25 mill levy and countywide 6 mill levy.

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