

CORRECTED COPY

FISCAL NOTE

	FY 2026	FY 2027	FY 2028
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND (43 mills)	(\$55,100,000)	(\$55,100,000)	(\$55,100,000)
AD VALOREM TAX (local entities)	(\$27,900,000)	(\$27,900,000)	(\$27,900,000)

Source of revenue (decrease):

This bill establishes an assessment rate of 8.3 percent for residential real property, including owner occupied primary residences. This assessment rate shall first apply to the tax year beginning January 1, 2025 (tax year 2025, FY 2026). The estimated decreases in property tax revenues to the School Foundation Program (SFP) and to other local taxing entities are provided in the above table. The SFP will experience a revenue decrease from the 43 mills supporting K-12 public education, which include the statewide 12 mill levy, the school district 25 mill levy, and the countywide 6 mill levy. For purposes of this analysis, the decrease in property tax revenues to the SFP is shown as an absolute revenue decrease in lieu of estimating the school district recapture revenue decrease and school district entitlement expenditure increase separately.

Assumptions:

The above estimate is based on tax year 2024 residential assessed values and tax year 2024 county average mill levies from the Department of Revenue 2024 Annual Report. The January 2025 Consensus Revenue Estimating Group (CREG) forecast projects a zero percent growth rate in the assessed valuation of non-mineral property for tax years 2025 through 2027 (FY 2026 through FY 2028). Based on the information above, this bill would decrease total property taxes by approximately \$83.0 million per year in tax years 2025 through 2027 (FY 2026 through FY 2028). Of the estimated total impact, the decreased revenue from the 43 mills supporting the SFP is approximately \$55.1 million per year in tax years 2025 through 2027 (FY 2026 through FY 2028).

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.

Any additional fiscal or personnel impact is not determinable due to insufficient time to complete the fiscal note process.