

FISCAL NOTE

	FY 2026	FY 2027	FY 2028
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND	(\$0)	(\$4,200,000)	(\$4,200,000)
AD VALOREM TAX (local taxing entities)	(\$0)	(\$2,500,000)	(\$2,500,000)

Source of revenue (decrease):

This bill provides a property tax exemption on the first \$50,000 of fair market value for business personal property owned in each county.

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 business personal property information obtained from the statewide Computer Assisted Mass Appraisal System (CAMA). The property tax revenue decrease is computed using the statewide average mill levy for the 2024 tax year of 68.504 mills. The October 2024 Consensus Revenue Estimating Group (CREG) forecast projects a zero percent growth rate in the assessed valuation of non-mineral property for FY 2027 and FY 2028.

This bill does not change the requirement for all companies to annually report all personal property. County assessors and the Department of Revenue will still be required to appraise all personal property yearly.

Based on the information above, this bill would decrease total property taxes by approximately \$6.7 million per year in tax years 2026 and 2027 (FY 2027 and FY 2028). Of the estimated total impact, the decreased revenue from the 43 mills supporting the SFP is approximately \$4.2 million per year in tax years 2026 and 2027 (FY 2027 and 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.

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