

**FISCAL NOTE**

	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND	(\$0)	(\$21,000,000)	(\$21,000,000)
AD VALOREM TAX (local taxing entities)	(\$0)	(\$12,500,000)	(\$12,500,000)

Source of revenue (decrease):

This bill limits the fair market value of business personal property to 20 percent of acquisition value once the property reaches the depreciation floor of 20 percent.

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 the school district entitlement expenditure increase separately.

**Assumptions:**

The above estimate is based on tax year 2024 business personal property information taken from the statewide Computer Assisted Mass Appraisal System (CAMA). The estimate is calculated on property currently at the depreciation floor value, based on 20 percent of the acquisition value of property. The above estimates are based on locally assessed business personal property only.

The Department of Revenue (DOR) states that the valuation method described in this bill cannot apply to the valuation of state assessed property. State assessed property assessments are an integrated property valuation of the whole company without reference to individual parts. Therefore, the acquisition value of individual assets cannot be determined.

While titled mobile homes are personal property, mobile home values are not included in the above estimate, because the acquisition amount of mobile homes is not available.

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.

Based on the information above, this bill would decrease total property taxes by approximately \$33.6 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 \$21.1 million per year in tax years 2026 and 2027 (FY 2027 and FY 2028).

Tangible personal property-index and depreciation.

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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.

**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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