

FISCAL NOTE

	FY 2027	FY 2028	FY 2029
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND	\$0	(\$51,600,000)	(\$52,600,000)
Ad Valorem (Local Entity Share)	\$0	(\$31,400,000)	(\$32,100,000)

This legislation reduces the 4% cap on the growth of residential structures and associated land to a 2% cap.

Source of revenue decrease:

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 an estimated 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.

The Ad Valorem (Local Entity Share) consists of the county, municipal, and special district mill levies. In FY 2025, the county levy accounted for 17.2 percent of total property tax collections, the municipal levy accounted for 2.0 percent, and special district levies collectively accounted for 8.5 percent. Total property taxes for education, discussed above, accounted for 72.2% in FY25.

Special districts vary widely in both purpose and structure, resulting in differing levels of reliance on property tax mill levy revenue. For example, hospital districts and airports are funded primarily through service charges, while senior citizen centers and cemetery districts rely more heavily on property tax revenues.

Assumptions:

Based on the information above, this bill would decrease total property taxes by approximately \$83.0 million in tax year 2027 (FY 2028) and approximately \$84.7 million in tax year 2028 (FY 2029). Of the estimated total impact, the decreased revenue from the 43 mills supporting the SFP is approximately \$51.6 million in tax year 2027 (FY 2028) and approximately \$52.6 million in tax year 2028xx (FY 2029).

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.

This estimate used data from the statewide CAMA system for tax years 2024 and 2025 and compared the actual 4% cap and the proposed 2% cap to determine the fiscal impact of the reduced cap. This figure was then brought forward to 2027 and 2028 using the 2% growth estimate for non-mineral property assessed value growth from the October 2025 Consensus Revenue Estimating Group (CREG) forecast.

The analysis assumed the same properties that did not receive the cap in tax year 2025 would not receive the cap should this proposal pass. The fiscal impact of which properties will have a disqualifying event in the future is indeterminable.

The statewide average mill levy of 69.187 was used in the calculations.

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