

**FISCAL NOTE**

	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue (decrease)			
SCHOOL FOUNDATION FUND	(\$40,500,000)	(\$45,100,000)	(\$46,000,000)
Ad Valorem (Local Entity Share)	(\$20,600,000)	(\$23,200,000)	(\$23,600,000)

## Source of revenue decrease:

This bill establishes an assessment rate of 8.3 percent for residential real property, which is defined as a dwelling of up to 3 families and associated land. This assessment rate shall first apply to the tax year beginning January 1, 2026 (tax year 2026, FY 2027).

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 includes 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.

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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 \$61.1 million in tax year 2026 (FY 2027), approximately \$68.3 million in tax year 2027 (FY 2028) and approximately \$69.6 million in tax year 2028 (FY 2029). Of the estimated total impact, the decreased revenue from the 43

mills supporting the SFP is approximately \$40.5 million in tax year 2026 (FY 2027), approximately \$45.1 million in tax year 2027 (FY 2028), and approximately \$46.0 million in tax year 2028 (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.

The estimate provided above was prepared using current law and 2025 tax year data from the CAMA system. The estimate was also adjusted by the projected two percent non-mineral property assessed value growth from the October 2025 Consensus Revenue Estimating Group (CREG) forecast. The estimates used the average mill levy by county as opposed to using the statewide average mill levy.

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