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# Preliminary Fiscal Impact Estimates

Commission on Property Taxation

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# Residential Actual Value Adjustments

- Actual value subtraction equal to 10 percent of actual value up to \$75,000
  - PTY 2024: applies to all residential
  - PTY 2025 and later years: applies to owner-occupied primary residences



# Residential Actual Value Adjustments

	PTY 2024	PTY 2025	PTY 2026
Local Property Tax Revenue	(\$520.2 million)	(\$416.7 million)	(\$420.9 million)
State School Finance Obligation	\$178.7 million	\$144.7 million	\$146.1 million



# Commercial Assessment Rate Reduction

- Step-down in the assessment rate for improved commercial over multiple years
  - PTY 2025: 27.5 percent (from 29.0 percent)
  - PTY 2026: 27.0 percent
  - PTY 2027: 26.5 percent
  - PTY 2028: 26.0 percent
  - PTY 2029: 25.5 percent



# Commercial Assessment Rate Reduction

	PTY 2024	PTY 2025	PTY 2026
Local Property Tax Revenue	-	(\$160.6 million)	(\$216.5 million)
State School Finance Obligation	-	\$56.2 million	\$77.1 million



# Total Residential and Commercial Value Reductions

	PTY 2024	PTY 2025	PTY 2026
Local Property Tax Revenue	(\$520.2 million)	(\$577.3 million)	(\$637.4 million)
State School Finance Obligation	\$178.7 million	\$200.9 million	\$223.2 million



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# Residential and Nonresidential Real Property Smoothing

- Beginning in PTY 2027, basing assessed value first on the smoothed actual value over three assessment cycles
- In addition to residential, includes vacant, commercial, industrial, and natural resources property classes



# Residential and Nonresidential Real Property Smoothing (impact of smoothing only)

Local Property Tax Revenue	PTY 2027
Residential	(\$453.6 million)
Nonresidential	(\$180.4 million)
<b>Total</b>	<b>(\$634.0 million)</b>

State School Finance Obligation	PTY 2027
Residential	\$158.3 million
Nonresidential	\$58.5 million
<b>Total</b>	<b>\$216.7 million</b>

Assumes residential actual value growth of 8.6 percent and nonresidential actual value growth of 4.7 percent in property tax year 2027.





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# Local Government Reimbursements

- Local government reimbursements are based on reducing the General Fund reserve by two-thirds of 1% of appropriations
  - Under current law, reserve is 15% of appropriations
- Based on the most recent data available, this equates to about \$105 million in FY 2024-25



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# Questions?

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