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# Overview of 2024 Property Tax Ballot Measures

Commission on Property Taxation

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# Current Status

- 1 Measure On the Ballot (Initiative #50)
- 1 Measure Approved for Circulation (Initiative #108)
- 9 Measures Titled
  - Motions for rehearing filed re: 6 of these
- 16 Measures Submitted to the Title Board for April 17 Meeting
  
- 24 Measures No Longer Active



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# Measures to Cut or Limit Property Taxes

- 2 from Michael Fields and Suzanne Taheri
- 19 from David Davia and Michael Fields
- 1 from Tom Kim and Anneliese Steel
  
- 19 cut assessment rates (res and nonres) and/or apply subtractions
- 7 limit growth in statewide tax revenue, unless voters permit revenue to be retained
- 1 limits growth in assessments
- 1 limits growth in tax collected on each parcel



# Assessment Rates (19 measures)

- All measures cut rates beginning in PTY 2025. Different permutations:
  - 5.7% res; 24% nonres (#108)
  - 5.7% res, with \$55,000 subtraction; 25.5% nonres (#244, #245, #248, #249, #297, #298, #301, #302, #304)
  - 5.3% res; 25.5% nonres (#246, #247, #299, #300)
- Some measures include incremental reductions in assessment rates
  - Annual stepdown of 0.37 pp in res rate, 1.00 pp in nonres rate, to reach 5.3% res and 24% nonres in 2029 (#294, #295, #296)
  - Biennial stepdowns of res and nonres rates with subtractions in all years: \$55,000 res; \$50,000 nonres (#305 and #306)



# Assessment Rates (19 measures)

- Property tax impacts:
  - Property taxes reduced by between \$3.0 billion and \$3.1 billion
    - Phased-in measures will be less in initial years; analysis in progress
  - Total program funding for school finance reduced by between \$800 million and \$900 million
- Reimbursements:
  - All lost revenue (#108)
  - To the extent “practicable”  
(#244, #246, #248, #249, #294, #295, #297, #299, #301, #302, #304, #305, #306)
  - No reimbursement required (#245, #247, #296, #298, #300)



# Limit on Statewide Property Tax Revenue Growth (7 measures)

- When property tax revenue is projected to grow by at least 4 percent, statewide voter approval is required for local governments to retain and spend the excess.
  - Constitutional limit (#50)
  - Statutory limit (#248, #249, #301, #302, #304, #306)
- Various exclusions:
  - Property reclassifications (#248, #249, #301, #302, #304, #306)
  - New operation of a district using tax increment financing (#248, #301)
- Fiscal impact depends on revenue growth rates, voter authorizations



# Limit on Growth in Assessments (#97)

- Constitutional limit
- For 2025 and later assessments:
  - Properties sold since June 2020 are valued at the level of their most recent sale
  - Properties not sold are valued at the level of their PTY 2021 assessment
  - Annual increases are limited to the lesser of inflation or 2.5%, unless the property undergoes substantial improvement
- Estimated to reduce property taxes by \$2.3 billion for PTY 2025, larger amounts in later years



# Limit on Growth in Parcel-Level Tax (#303)

- Constitutional limit
- For 2025 and later tax years:
  - Tax on a parcel may increase by no more than 4% per year
  - Except: if square footage increased by 10%+, or if local mill levy increase is approved
  - Growth of less than 4% may be carried forward and applied to later years
- Fiscal analysis in progress





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# Measures to Limit the Impact of Property Tax Limits

- 5 measures, all from Scott Wasserman and Ed Ramey
- 2 conditionally impose taxes on “luxury” residential property
- 1 conditionally increases the nonres rate for most nonresidential property
- 1 conditionally allows the state to retain and spend revenue for reimbursements
- 1 requires local voter approval in order for a statewide limit on property tax to apply locally



# “Luxury” Residential Property Tax (2 measures)

- Constitutional measures
- If a statewide limit on the amount of or growth in property tax revenue is imposed, a supplemental tax is imposed beginning in 2027 to offset revenue loss that would otherwise occur:
  - Applies to single family residential worth at least \$2 million (#96)
  - Applies to single family residential worth at least \$5 million (#260)
- Fiscal impact uncertain, would depend on what limit, if any, is imposed



# Nonresidential Assessment Rate (#269)

- Begins in PTY 2026
- If local share of total program funding for school finance is less than 50%, increases nonres rate to 32%
  - Increased rate does not apply to property being used by businesses that meet SBA definition of “small business”
- Expected to trigger under current law
- Fiscal analysis in progress



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# Retain Revenue for Reimbursement (#261)

- Begins in 2025
- If a statewide limit on the amount of or growth in property tax revenue is imposed, authorizes state to retain revenue over the Referendum C cap to reimburse local governments for their lost revenue.
- Fiscal impact uncertain, would depend on what limit, if any, is imposed



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## Local Voter Approval for Application of Limit (#95)

- Constitutional measure
- If a statewide limit on the amount of or growth in property tax revenue is imposed, requires local voter authorization for limit to apply locally.
- Fiscal impact uncertain, would depend on what limit, if any, is imposed



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# Questions?

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