

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING PROPERTY TAX, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Hansen and Kirkmeyer	JBC Analyst: Andrea Uhl
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Appropriation Items of Note

Appropriation Already Added to Bill, Amendments in Packet

General Fund Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/07/24.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
L.016/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that makes the following appropriations for FY 2024-25:

- \$351,661,729 cash funds from the State Education Fund for the State Share of Districts' Total Program Funding in the Department of Education;
- \$151,698 General Fund to the Department of Local Affairs, which is based on an assumption that the Department will require an additional 0.5 FTE. Of this amount, \$112,726 is reappropriated to the Governor's Office of Information Technology and is based on an assumption that the Office will require an additional 1.0 FTE.
- \$108,971 General Fund to the Department of the Treasury, which is based on an assumption that the Department will require an additional 0.5 FTE.

Description of Amendments in This Packet

L.016 and J.002

Bill Sponsor amendment **L.016** (attached) includes the following changes:

- Modifies the treatment of qualified senior residential real property to align the bill with S.B. 24-111.
- Extends the nonresidential reductions for property tax year 2023 through the 2024 property tax year. This is estimated to increase the State Share of Districts' Total Program Funding for school finance by an additional \$27.2 million above the \$351.7 million already included in the bill. Amendment **J.002** changes the existing appropriation to align with **L.016**.
- Lowers the residential assessment rate for property tax year 2025 to 6.4 percent for local government entities other than school districts.
- Modifies language related to balancing the residential assessment rate for school finance.
- Adds language to the legislative declaration related to the local government reimbursement portion of the bill.
- Makes various other technical cleanup changes.

If the Committee adopts amendment L.016, it should also adopt J.002.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
TOTAL Placeholders for Other 2024 Legislation	\$63,062,537

This bill requires a General Fund appropriation of \$260,669 for FY 2024-25, reducing the \$63.1 million set aside by the same amount.

SB24-233

JBC Staff Analysis

The bill decreases property tax collections from school district total program mills, requiring an equivalent increase in the State Share of Districts' Total Program Funding in the Department of Education estimated at \$351.7 million in FY 2024-25, \$74.1 million in FY 2025-26, and \$113.1 million in FY 2026-27 compared to current law. These costs may be paid by the General Fund, the State Education Fund, or the State Public School Fund. The bill includes an appropriation clause that appropriates \$351.7 million from the State Education Fund for this purpose in FY 2024-25.

Bill Sponsor amendment **L.016** increases the State Share of Districts' Total Program Funding change from \$351.7 million to \$378.9 in FY 2024-25. Amendment **J.002** updates the appropriation clause in the bill to account for the change in **L.016**.

Local Fiscal Impact

The bill affects local property tax revenue through reduced assessed values and application of a property tax revenue limit. The bill also increases expenditures for county treasurers and assessors to implement the property tax changes in the bill. A detailed discussion of the bill's impact on local governments can be found in the Legislative Council Staff Revised Fiscal Note dated 05/07/24.