

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING PROPERTY TAX.

Prime Sponsors: Sens. Hansen and Kirkmeyer  
Reps. deGruy Kennedy and Frizell

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**Appropriation Items of Note**

**Appropriation Required, Amendment 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 05/06/24.

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

**Amendments in This Packet for Consideration by Appropriations Committee**

| <b>Amendment</b> | <b>Description</b>                     |
|------------------|--|
| J.001            | Staff-prepared appropriation amendment |

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision making 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

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- 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.

### 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           |
| <b>TOTAL Placeholders for Other 2024 Legislation</b>               | <b>\$63,062,537</b> |

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.

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. Amendment **J.001** includes an appropriation of \$351.7 million from the State Education Fund for FY 2024-25 for this purpose.

#### *Revenue Source*

The bill lowers the General Fund reserve requirement from 15.0 percent to 14.0 percent in FY 2024-25 and ongoing and transfers an amount equal to 1.0 percent of appropriations used for calculating the FY 2024-25 General Fund reserve from the General Fund to the Local Government Entity Backfill Cash Fund created in the bill on April 1, 2025. This amount is estimated at \$157.7 million. At the end of the FY 2024-25 fiscal year, any amount not expended for local government reimbursements is transferred back to the General Fund. This amount is estimated at \$147.4 million,

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based on an assumed \$10.3 million expenditure for reimbursements.

*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 05/06/24.