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F I S C A L I M P A C T R E P O R T

SPONSOR:	Smith	DATE TYPED:	02/07/00	HB	
SHORT TITLE:	Limiting Increases in Residential Property Tax			SB	391
Values			ANALYST:	Williams	

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	**FY01**			
		Uncertain - See Narrative		

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 239, HB 366

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill creates various groups of assessed values for property taxes:

- •Assessed value: The greater of "value for tax purposes" or "current and correct" (actual market value) (similar to current statute in most cases). Would be used to calculate debt limits and for determining county classifications.
- •Valuation of residential property for property taxation purposes: Would consist of "baseline value" plus "contributory market value of any physical improvements"; the lesser of previous year's value increase by 3 percent for existing residential properties or "current and correct" value for sold residential properties. Would be used to apply rates for property tax bills. Would also be used for applying bond rates for generating debt service revenues.

FISCAL IMPLICATIONS

According to TRD, the fiscal impacts are uncertain because it is unclear how the program would work. If property tax values are limited to 3 percent annual growth, then property tax revenues would remain about constant since that generally represents the present growth rate. If growth was greater than that, transferred properties being valued at current and correct would pick up some of the difference. Yield control would continue to apply to these rates giving some rate relief as values increase. If the base for debt is not subject to yield control, voters could approve greater amounts of debt, leading to higher tax rates.

ADMINISTRATIVE IMPLICATIONS

Different values are expected to increase administrative costs significantly.

AW/gm