Fiscal Note 2017 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0201		**Title:**	Lower state property tax mills
Primary Sponsor:	Regier, Keith		**Status:**	As Introduced

- ☐ Significant Local Gov Impact
- ☐ Needs to be included in HB 2
- ☐ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2016 Difference	FY 2017 Difference	FY 2018 Difference	FY 2019 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
Revenue:				
General Fund	($12,392,000)	($12,910,000)	($13,376,000)	($13,875,000)
Net Impact-General Fund Balance:	($12,392,000)	($12,910,000)	($13,376,000)	($13,875,000)

Description of fiscal impact: HB 201 lowers the state equalization mills from 40 to 35. This is anticipated to reduce general fund revenue by approximately $12 million to $14 million per year.

FISCAL ANALYSIS

Assumptions:

1. Currently, 40 mills are levied statewide for state equalization purposes. HB 201 proposes to lower the mill levy to 35 mills beginning in tax year (TY) 2015, a reduction of 12.5%.
2. HJ 2 forecasts the 40 mill revenue to be $99.135 million in TY 2015 and $103.277 million in TY 2016.
3. The Office of Budget and Program Planning forecasts general fund property tax revenue to grow by 3.61% in TY 2017 and 3.73% in TY 2018. This implies the general fund 40 mill revenue would be $107.005 million in TY 2017 and $110.997 million in TY 2018.
4. Applying a 12.5% reduction to the forecast revenue, it is estimated HB 201 will have the following impacts to general fund revenue:

Tax Year	Fiscal Year	Estimated Revenue	Estimated Impact
TY 2015	FY 2016	$99.135	($12.392)
TY 2016	FY 2017	$103.277	($12.910)
TY 2017	FY 2018	$107.005	($13.376)
TY 2018	FY 2019	$110.997	($13.875)

5. It is estimated that the Department of Revenue would incur minimal costs associated with implementing HB 201, and these costs would be absorbed as part of the department's administrative responsibilities.
6. HB 201 would have require other existing general fund revenue sources to supplant the loss in equalized state support for schools to maintain statutory funding levels for K-12 BASE aid.

	FY 2016 Difference	FY 2017 Difference	FY 2018 Difference	FY 2019 Difference
Fiscal Impact:				
Expenditures:				
Other	$0	$0	$0	$0
TOTAL Expenditures	$0	$0	$0	$0
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
TOTAL Funding of Exp.	$0	$0	$0	$0
Revenues:				
General Fund (01)	($12,392,000)	($12,910,000)	($13,376,000)	($13,875,000)
TOTAL Revenues	($12,392,000)	($12,910,000)	($13,376,000)	($13,875,000)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	($12,392,000)	($12,910,000)	($13,376,000)	($13,875,000)

Sponsor's Initials | *Date* | *Budget Director's Initials* | *Date*