

Increase property tax state levy to \$3.60 limit

Description This proposal would raise the state levy rate to \$3.60 per \$1,000 of market value, before equalization.

Current Law Property taxes consist of annual state and local levy rates applied to the assessed value of taxable property.

Maximum state levy; equalization

- The maximum state property tax levy rate is set by statute at \$3.60 per \$1,000 of fair market value.
- As a result of the revaluation cycles, assessed values (AVs) for all property in a county are rarely at 100% of fair market value.
- Thus, the actual state levy rate for each county must be equalized -- adjusted by the relationship between the county's total assessed value of all property and its estimated market value.

Statewide average levy rate

- For taxes collected in 2011, the statewide average levy rate (combined state and local) amounted to \$11.14 per \$1,000 AV.
- Among the 39 counties, the average levy rates ranged from a low of \$5.35/\$1,000 AV in San Juan County to \$13.17/\$1,000 AV in Franklin County.

101% levy limit

- The state levy is subject to the 101% levy limit.
- Over time, the rate the state is allowed to levy tends to drift downward from the maximum statutory levy rate.
- For taxes collected in 2011, that state levy rate before equalization was approximately \$2.06/\$1,000 AV.

1% levy limit

- In 1972, voters adopted a constitutional limit of 1% applicable to almost all regular levies.
 - Thus, the aggregate of all such levies cannot exceed 1% of the current market value of any individual property (\$10.00 per \$1,000 of assessed value if the property were assessed at its true and fair value).
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Revenue Impact

General Fund Impacts (\$ millions):

| Fiscal Year 2012 | Fiscal Year 2013 | 2011-2013 Biennium |
|---------------------|---------------------|-----------------------|
| \$0 | \$624.7 | \$624.7 |

Notes:

- The owner of a \$200,000 home would see an increase of an estimated \$275 collected for the state levy on their property tax bill in Calendar Year 2013.
 - Estimates assume the increase is effective for the state property tax levy calculated in December 2012 for taxes due in 2013.
 - Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.
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Expenditure Impact

| Fiscal Year 2012 | Fiscal Year 2013 | 2011-2013 Biennium |
|---------------------|---------------------|-----------------------|
| \$0 | \$10,700 | \$10,700 |
