

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1176 - Funding Summary

| | Base Budget | Final Legislative Action | Comparison to Base Budget |
|--------------------------|--------------------|---------------------------------|----------------------------------|
| State Tax Commissioner | | | |
| Primary residence credit | | \$408,900,000 | \$408,900,000 |
| Homestead tax credit | | | |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | \$0 | \$408,900,000 | \$408,900,000 |
| Less estimated income | 0 | 408,900,000 | 408,900,000 |
| General fund | <hr/> | <hr/> | <hr/> |
| | \$0 | \$0 | \$0 |
| FTE | 0.00 | 0.00 | 0.00 |
| Bill total | | | |
| Total all funds | \$0 | \$408,900,000 | \$408,900,000 |
| Less estimated income | 0 | 408,900,000 | 408,900,000 |
| General fund | <hr/> | <hr/> | <hr/> |
| | \$0 | \$0 | \$0 |
| FTE | 0.00 | 0.00 | 0.00 |

House Bill No. 1176 - State Tax Commissioner - House Action

This bill provides property tax relief as follows:

- Expands the homestead tax credit by increasing the income thresholds by \$10,000 each, from \$40,000 to \$50,000 and from \$70,000 to \$80,000.
- Increases the annual renters refund limit under the homestead credit program by \$200, from \$400 to \$600.
- Increases the primary residence credit from \$500 per year to \$1,450 per year.
- Changes the allocations from the legacy earnings fund to remove the allocations to the general fund and the strategic investment and improvements fund and to add an allocation to a newly created legacy property tax relief fund.
- Appropriates \$473 million from the legacy property tax relief fund to the Tax Commissioner for the state reimbursement of the primary residence credit, of which approximately \$74.6 million is derived from a transfer from the general fund and \$398.4 million is derived from an allocation from the legacy earnings fund.
- Appropriates \$5.45 million from the general fund to the Tax Commissioner for the expansion of the homestead tax credit.

House Bill No. 1176 - State Tax Commissioner - Senate Action

| | Base Budget | House Version | Senate Changes | Senate Version |
|--------------------------|--------------------|----------------------|-----------------------|-----------------------|
| Primary residence credit | | \$547,601,793 | (\$149,203,586) | \$398,398,207 |
| Homestead tax credit | | 5,450,000 | (5,450,000) | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total all funds | \$0 | \$553,051,793 | (\$154,653,586) | \$398,398,207 |
| Less estimated income | 0 | 473,000,000 | (74,601,793) | 398,398,207 |
| General fund | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$0 | \$80,051,793 | (\$80,051,793) | \$0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

Department 127 - State Tax Commissioner - Detail of Senate Changes

| | Reduces Funding for Primary Residence Credit¹ | Removes Funding for the Homestead Tax Credit² | Total Senate Changes |
|--------------------------|---|---|-----------------------------|
| Primary residence credit | (\$149,203,586) | | (\$149,203,586) |
| Homestead tax credit | | (\$5,450,000) | (5,450,000) |
| | <hr/> | <hr/> | <hr/> |
| Total all funds | (\$149,203,586) | (\$5,450,000) | (\$154,653,586) |
| Less estimated income | (74,601,793) | 0 | (74,601,793) |
| General fund | <hr/> | <hr/> | <hr/> |
| | (\$74,601,793) | (\$5,450,000) | (\$80,051,793) |
| FTE | 0.00 | 0.00 | 0.00 |

¹ Funding of \$547.6 million, including \$74.6 million from the general fund and \$473 million from the legacy property tax relief fund, added by the House for the primary residence credit is reduced by the Senate by \$149.2 million, including \$74.6 million from the general fund and \$74.6 million from the legacy property tax relief fund, to provide a total of \$398.4 million from the legacy property tax relief fund for the primary residence credit.

² Funding of \$5.45 million from the general fund added by the House for the homestead tax credit is removed by the Senate.

The Senate version provides property tax relief as follows:

- Expands the homestead tax credit by increasing the income thresholds by \$10,000 each, from \$40,000 to \$50,000 and from \$70,000 to \$80,000, the same as the House version.
- Increases the annual renters refund limit under the homestead credit program by \$200, from \$400 to \$600, the same as the House version.
- Increases the primary residence credit from \$500 per year to \$1,250 per year with a minimum of \$500 and a limit of 75 percent of the property tax due. The House version increased the credit to \$1,450 per year without a minimum or a percentage limitation.
- Changes the allocations from the legacy earnings fund to remove the allocations to the general fund and the strategic investment and improvements fund and to add an allocation to a newly created legacy property tax relief fund, the same as the House version.
- Appropriates \$398.4 million from the legacy property tax relief fund to the Tax Commissioner for the state reimbursement of the primary residence credit, which is derived from an allocation from the legacy earnings fund. The House version appropriated \$473 million, of which approximately \$74.6 million was derived from a transfer from the general fund and \$398.4 million was derived from an allocation from the legacy earnings fund.
- Removes an appropriation of \$5.45 million added by the House from the general fund to the Tax Commissioner for the expansion of the homestead tax credit.

House Bill No. 1176 - State Tax Commissioner - Conference Committee Action

| | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|--------------------------|-------------|---------------|------------------------------|------------------------------|----------------|----------------------|
| Primary residence credit | | \$547,601,793 | (\$138,701,793) | \$408,900,000 | \$398,398,207 | \$10,501,793 |
| Homestead tax credit | | 5,450,000 | (5,450,000) | | | |
| Total all funds | \$0 | \$553,051,793 | (\$144,151,793) | \$408,900,000 | \$398,398,207 | \$10,501,793 |
| Less estimated income | 0 | 473,000,000 | (64,100,000) | 408,900,000 | 398,398,207 | 10,501,793 |
| General fund | \$0 | \$80,051,793 | (\$80,051,793) | \$0 | \$0 | \$0 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Department 127 - State Tax Commissioner - Detail of Conference Committee Changes

| | Reduces Funding for Primary Residence Credit ¹ | Removes Funding for the Homestead Tax Credit ² | Total Conference Committee Changes |
|--------------------------|---|---|------------------------------------|
| Primary residence credit | (\$138,701,793) | | (\$138,701,793) |
| Homestead tax credit | | (\$5,450,000) | (5,450,000) |
| Total all funds | (\$138,701,793) | (\$5,450,000) | (\$144,151,793) |
| Less estimated income | (64,100,000) | 0 | (64,100,000) |
| General fund | (\$74,601,793) | (\$5,450,000) | (\$80,051,793) |
| FTE | 0.00 | 0.00 | 0.00 |

¹ Funding of \$547.6 million, including \$74.6 million from the general fund and \$473 million from the legacy property tax relief fund, added by the House for the primary residence credit is reduced by the Conference Committee by \$138.7 million, including \$74.6 million from the general fund and \$64.1 million from the legacy property tax relief fund, to provide a total of \$408.9 million from the legacy property tax relief fund for the primary residence credit. The Senate provided \$398.4 million from the legacy property tax relief fund for the primary residence credit.

² Funding of \$5.45 million from the general fund added by the House for the homestead tax credit is removed by the Senate.

The Conference Committee version provides property tax relief as follows:

- Removes an expansion of the homestead tax credit, which was included in the House and Senate versions, to increase the income thresholds by \$10,000 each, from \$40,000 to \$50,000 and from \$70,000 to \$80,000.
- Increases the annual renters refund limit under the homestead credit program by \$200, from \$400 to \$600. Both the House and Senate version included this increase.
- Increases the primary residence credit from \$500 per year to \$1,600 per year. The House version increased the credit to \$1,450 while the Senate version increased the credit to \$1,250. The Conference Committee did not include provisions added by the Senate to provide a minimum of \$500 per year and a limit of 75 percent of property tax due.
- Removes a provision included in the House and Senate versions which excluded voter-approved levies from the primary residence credit.
- Creates a new property classification for primary residential property, the same as the House and Senate versions.
- Limits the increase in the dollars levied by a taxing district to 3 percent per year with adjustments for new property and exemptions for certain levies while allowing taxing districts to carry over unused increases for up to 5 years. Both the House and Senate versions included this property tax levy increase limit.
- Changes the allocations from the legacy earnings fund to remove the allocations to the general fund, strategic investment and improvements fund, and the legacy earnings highway distribution fund and allocates the remaining earnings 30 percent to the highway fund and 70 percent to a newly created legacy property tax relief fund. Both the House and Senate version removed the allocations the general fund and strategic investment and improvements fund and added an allocation to the legacy property tax relief fund.
- Appropriates \$408.9 million from the legacy property tax relief fund to the Tax Commissioner for the state reimbursement of the primary residence credit, which is derived from an allocation from the legacy earnings fund. The House version appropriated \$473 million, of which approximately \$74.6 million was derived from a transfer from the general fund and \$398.4 million was derived from an allocation from the legacy earnings fund. The Senate version appropriated \$398.4 million which was derived from an allocation from the legacy earnings fund.
- Removes an appropriation \$5.45 million added by the House from the general fund to the Tax Commissioner for the expansion of the homestead tax credit. The Senate version also removed this appropriation.
- Creates a legislative tax reform and relief advisory committee to study property tax relief and reform. Neither the House nor Senate versions included this committee.
- Provides an integrated formula gap funding program to address potential reductions to school districts' local contribution to the costs of education due to the property tax levy limit. Neither the House nor Senate versions included the gap funding program.
- Directs the Tax Commissioner to identify the use of legacy fund earnings when advertising the tax relief programs. Neither the House nor Senate versions included this directive.