DATE: 7/12/2023
TO: Representative Jones
FROM: Nick VanBrown
RE: Estimated Reappraisal Increases Compared to Relief Totals

Current DOR estimates sums (additional information can be found in the links [here](#)).

- Total Property taxes FY 2023 - $2.083 Billion
- Total property tax estimate FY 2024 - $2.245 Billion
- Increase of $162.4 Million (7.8%)

- Total residential property tax FY 2023 - $1.082 Billion
- Total residential property tax estimate FY 2024 - $1.279 Billion
- Increase in $196.9 Million (18.2%)

There are many growth assumptions and caveats, but this attempts to look at the scale of the growth in residential property tax with the large reappraisal values versus the property tax relief efforts over the next two years.

In Fiscal Year 2024, the Department of Revenue currently estimates an increase of $196.9 million in residential property taxes based on growth expectations in local municipalities and schools, as well as shifting that will occur due to value changes statewide. This rise can be attributed to large residential value growths in the most recent two-year reappraisal cycle resulting in a shifting tax burden from other classes of property to residential as well as high increases in set mills such as the state 95 school mills.

As property values will not be reappraised in Fiscal Year 2025, doubling the estimated growth amounts to $393.82 million as shown in the chart to represent a two-year period. There will be standard budgetary growth for FY 2026 but that is not being estimated in this calculation as this is attempting to get at the increase from reappraisal, thus the doubling of year one.

This $393.82 estimated increase is significantly mitigated by property tax relief factors in the coming two-year period. Firstly, there will be $350 million in property tax rebates distributed to residential property owners only. Additionally, there will be a further reduction of $33.3 million in property taxes (this amount is split amongst all tax classes) due to the increases in Guaranteed
Tax Base payments to schools in fiscal year 2026 because of HB 587, per the more recent fiscal note. Collectively, these measures serve to significantly offset the overall increase in residential taxes resulting from reappraisal at a statewide level, however, increases compared to relief measures will of course vary by taxpayer.