

Proposed 2013 Session Legislation

Agency Name & No: Department of Revenue - 5801

Priority Number: 1 | Filename: 5801\08-001

Short Title: Improve the Transparency of Property Tax Administration with a Two-Year Revaluation/Reappraisal for Property Classes 3, 4 and 10 (Replacing the six-year reappraisal cycle)

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1. Purpose:

To make property tax administration more transparent and understandable for the taxpayer, as well as improve the fairness and equalization of the property tax system by keeping property values aligned every two years with the actual market fluctuations.

2. Background:

Under current law, property in class 3 (agricultural), class 4 (residential and commercial), and class 10 (forest land) are all reappraised every six years. Given that a six-year value update typically means large changes in value, the typical response is to mitigate the increases by "phasing-in" values. As a result of this six-year cycle and phase-in, the property tax system is extremely complex with confusing calculations that make it virtually impossible for taxpayers and the public to understand their own property tax valuation and their own property tax bill. In addition, the six-year gap in reappraising property gives rise to serious equity problems across the state that raises serious legal/constitutional questions. Given recent advances in technology (e.g. sophisticated aerial imagery and change detection software) it is operationally and administratively feasible to reappraise/revalue class 3, 4, and 10 property every two years and thus eliminate the complexities and the equity problems.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

A similar bill in the 2011 session (HB 595) had a fiscal note with the following general fund expenditures: FY2013 = \$1.2 million, FY2014 = \$1.5 million, FY2015 = \$1.9 million. There is no impact on revenue collections other than these expenses.

4. Summary Checklist [Check & complete all that apply]--

Summary Checklist with checkboxes and input fields: Housekeeping Only, Anticipated to be Controversial Legislation, Supports Submitted EPP Item Number, Increases FTE, Decreases FTE, Existing Revenue, New Revenue, Leg. has been Submitted in Previous Legislative Sessions, Legislation would affect other state agencies, Special Interest Groups Affected, Other.