

Fiscal Estimate Narratives

DOR 3/9/2006

LRB Number	05-4473/1	Introduction Number	AB-1099	Estimate Type	Original
Description Claiming the lottery and gaming property tax credit for previous years for which a person was eligible to receive the credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person who owns a principal dwelling in the state is eligible to receive a lottery and gaming property tax credit. The credit is paid from state lottery proceeds. In 2004/05, the lottery and gaming credit reduced property taxes for approximately 1,406,000 homeowners by an average of \$92. In addition, approximately 34,000 mobile home owners received credits averaging \$80. Statewide, lottery credits totaled \$131.9 million in 2004/05.

The credit reduces the property taxes imposed on a person's principal dwelling and is reflected on the property tax bill. If a person is eligible for, but does not receive the credit, the person may claim the credit by applying to the treasurer of the taxation district where the property is located by January 31 following the issuance of the person's property tax bill or by applying to the Department of Revenue by October 1 following the issuance of the person's property tax bill. For 2003/04 property taxes, about \$324,100 of late credit payments were made to property owners applying directly to the Department of Revenue. Late claims to the Department of Revenue number about 2,500 to 3,000 annually.

Under the bill, any person who applies for the lottery and gaming property tax credit because the person's property tax bill does not reflect the credit but who was eligible to receive the credit in any of the prior three years, will receive the credit for any of the three previous years for which the person was eligible to receive the credit. The Department estimates that most applicants would be eligible for the credit for the previous three years.

Since the lottery and gaming credit is sized each year to expend all available funds, an increase in late lottery credits will reduce the amount available for current year credits. This impact is expected to be minor. There is no net fiscal impact.

Long-Range Fiscal Implications