

Fiscal Estimate Narratives

DOR 4/29/2024

LRB Number	23-5533/1	Introduction Number	AB-1228	Estimate Type	Original
Description property tax assessment practices					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes several changes related to property tax assessments and assessment practices.

Under the bill, to obtain certification, an assessment technician must complete 50 hours of education, an appraiser must complete 150 hours of education, and an assessor, regardless of the certification level, must complete 300 hours of education. For recertification, the bill requires technicians and appraisers to complete 50 hours of continuing education and assessors to complete 75 hours of continuing education. The bill also provides no person may take an examination for a higher certification without first completing the exams at each lower level.

Under the bill, a business entity employed by a municipality to provide expert appraisers to make an assessment must also be certified by the Department of Revenue (DOR). Also, if a person enters into a contract with an authority (municipality or other government body) to provide property assessment services, the person may not charge the authority for access to any record maintained by the person related to those services.

The bill requires an affected property owner seeking a petition for DOR to review and correct an assessment to submit the petition no later than January 31 of the year following the year of assessment sought to be corrected or 60 days after the Board of Review has adjourned for the year of that assessment, whichever is later. For board of review members, the bill requires all board members to complete the annual training provided by DOR to members of the board.

The bill requires each municipality to conduct a full revaluation of its property once in every 10-year period. Under the bill, recreational mobile homes complying with ANSI A119.5, regardless of their square footage, are considered real property and subject to taxation.

Fiscal Estimate

The fiscal estimate for assessing and taxing recreational mobile homes as real property is indeterminate as the department does not have data on this exempt property. The additional assessor certifications would have an indeterminate cost for local governments.

Requiring each municipality to conduct a full revaluation every 10-year period would increase municipal costs by an indeterminate amount to the extent the bill required the full revaluation versus provisions of current law. Between 2011 and 2023, municipalities completed on average 75 full revaluation assessments each year, or 3.92 percent of total assessments. Exterior revaluation assessments averaged 52, or 2.67 percent of the total, while interim market assessments averaged 128, or 6.67 percent of total assessments. Maintenance assessments averaged 1,658 or 86.78 percent of total assessments. Since 2011, approximately 268 municipalities have only performed a maintenance assessment.

The department would have one-time administrative costs of \$114,500 for computer programming and ongoing costs of \$7,200 for additional assessor certification duties.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5533/1	Introduction Number AB-1228	
Description property tax assessment practices		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$114,500		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs	7,200	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$7,200	\$
B. State Costs by Source of Funds		
GPR	7,200	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$7,200	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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