



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0830 - Optional alternative property tax payment schedule for primary residences (Nikolakakos, George )

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$35,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$35,000	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$35,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 830 creates the option for property taxpayers to enter a seven-month payment plan for the property taxes on their primary home, Current law requires up to two equal payments. The bill appropriates \$35,000 to the Department of Administration to assist with county software upgrades to manage these new payment plans.

### FISCAL ANALYSIS

**Assumptions:****Department of Revenue**

- Under currently law, one-half of property taxes are due by November 30<sup>th</sup> and the other half are due May 30<sup>th</sup>. Taxpayers may pay the full bill in November.
- HB 830 allows residential property taxpayers to enter a seven-month payment plan instead of the current two payment system.

3. The seven-month payment plan requires seven equal payments on November 30, December 31, January 31, February 28, March 31, April 30, and May 31.
4. A taxpayer who enters this alternate payment plan will be continuously eligible for the payment plan until they choose to terminate their alternate payment plan and return to the regular two payment plan.
5. The bill appropriates \$35,000 to assist in software upgrades necessary for counties to implement HB 830.
6. HB 830 is not anticipated to have a substantial impact to the Department of Revenue.

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b>FTE</b>	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Transfers	\$35,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$35,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$35,000	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$35,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$35,000	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$35,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$35,000)	\$0	\$0	\$0
State Special Revenue (02)	\$35,000	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. HB 830 could change the timing of local property tax receipts and administrative expenses for Counties.
2. HB 830 could also change the timing of property tax distributions to local jurisdictions. To the extent taxpayers choose to spread their payments out over seven months, local jurisdictions would see lower cashflows at the end of November and January and higher cash balances in March, and April. This is illustrated by the cumulative effects of the timing of the two different payment schedules in the following table:

Change in the Flow Local Property Tax Payments Under Present Law and HB 830							
Payment Schedule	Nov	Dec	Jan	Feb	Mar	Apr	May
Present Law	50%	0%	0%	0%	0%	0%	50%
HB 820	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Cumulative Payments	Nov	Dec	Jan	Feb	Mar	Apr	May
Present Law	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	100.0%
HB 820	14.3%	28.6%	42.9%	57.1%	71.4%	85.7%	100.0%
Net difference	-35.7%	-21.4%	-7.1%	7.1%	21.4%	35.7%	0.0%

3. However, this impact is mitigated, particularly in November, as many pay their taxes in full in November.
4. Additionally, the *American Community Survey* shows that around 63% of owner-occupied homes have outstanding mortgages. Most mortgage companies require homeowners to pay taxes in escrow. Those factors leave a smaller pool of taxpayers (perhaps no more than 35%) who could choose the alternative payment program which reduces the negative (and positive) cashflow effects of HB 830.



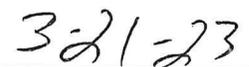
Sponsor's Initials



Date



Budget Director's Initials



Date