

Late Backup

Revised Fiscal Note for Item 10 Homestead Exemption

(Corrects a formula error in the 6% scenario for FYs 2017, 2018, and 2019 and adds a 5% scenario fiscal analysis as discussed at Wednesday's work session.)

OPERATING BUDGET UPDATED FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):
FUND:

6/4/15
Financial Services
General Fund

SUBJECT: Approve an ordinance amending Ordinance No. 20141120-014 increasing the percentage-based ad valorem (property) tax exemption on the assessed value of residence homesteads.

CURRENT YEAR IMPACT: This item has no fiscal impact in FY 2015.

FIVE-YEAR ESTIMATED IMPACT:

20% Homestead Exemption Scenario

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
At Forecasted Tax Rates	0	0.4750	0.4811	0.4811	0.4953
Revenue Loss of 20% Exemption	0	(32,560,900)	(35,098,251)	(37,720,032)	(40,754,759)
At Rollback Rates	0	0.4886	0.4967	0.5020	0.5184
Revenue Loss of 20% Exemption	0	(19,248,269)	(18,805,946)	(14,406,575)	(13,751,921)

6% Homestead Exemption Scenario

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
At Forecasted Tax Rates	0	0.4750	0.4811	0.4811	0.4953
Revenue Loss of 6% Exemption	0	(7,614,080)	(8,196,140)	(8,807,894)	(9,510,518)
At Tax Rates to Balance	0	0.4824	0.4886	0.4886	0.5030
Revenue Loss of 6% Exemption	0	0	0	0	0

5% Homestead Exemption Scenario

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
At Forecasted Tax Rates	0	0.4750	0.4811	0.4811	0.4953
Revenue Impact of 5% Exemption	0	(5,823,952)	(6,248,068)	(6,763,549)	(7,163,724)
At Tax Rates to Generate Surplus	0	0.4814	0.4875	0.4875	0.4917
Revenue Impact of 5% Exemption	0	789,976	789,976	789,976	789,976
Total Projected Expenses	0	789,976	789,976	789,976	789,976
Net Budget Impact					
at Forecasted Tax Rates	0	(6,613,928)	(7,038,044)	(7,553,525)	(7,953,700)
at Tax Rates to Generate Surplus	0	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION: The Five-year Estimated Impact section displays scenarios for three different options for increasing the general homestead exemption. The first scenario displays the projected revenue loss from increasing the general homestead exemption to 20% at both the forecasted and rollback tax rates. The second scenario displays the projected revenue loss from increasing the general homestead exemption to 6% at both the forecasted tax rates and at tax rates required to balance to forecasted expenditures. The final scenario displays, first, the projected revenue loss from increasing the general homestead exemption to 5% at both the forecasted tax rates and at tax rates required to generate a surplus in comparison to forecasted expenditures. Secondly, it displays the prospective additional expenditures that may accompany the 5% homestead exemption scenario, as well as the net budget impact at both the forecasted tax rates and at the tax rates projected to be necessary to balance to forecasted expenditures.