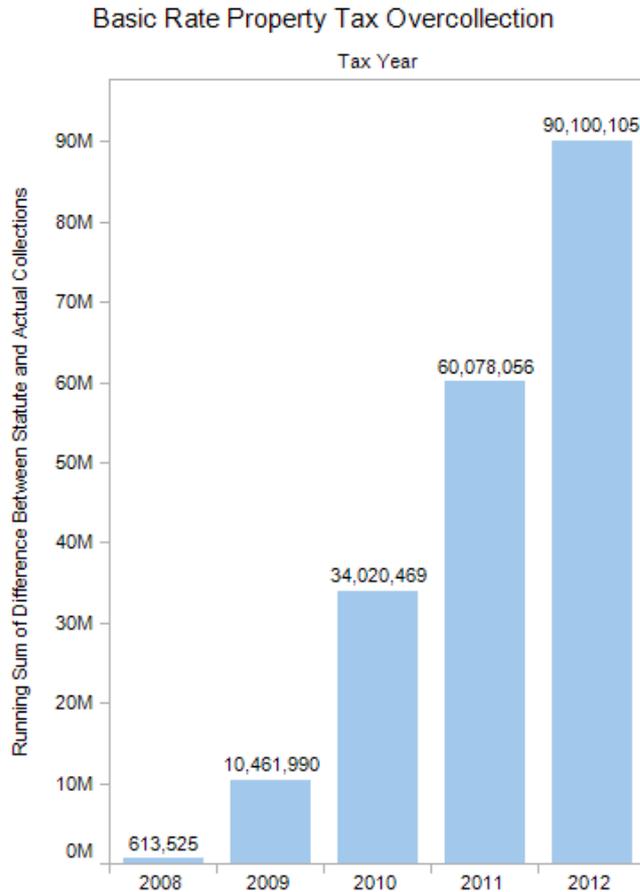


Fiscal Highlights

By How Much Did Collections from the Basic Property Tax Rate Exceed Estimates Over the Past Five Years? - Thomas E. Young

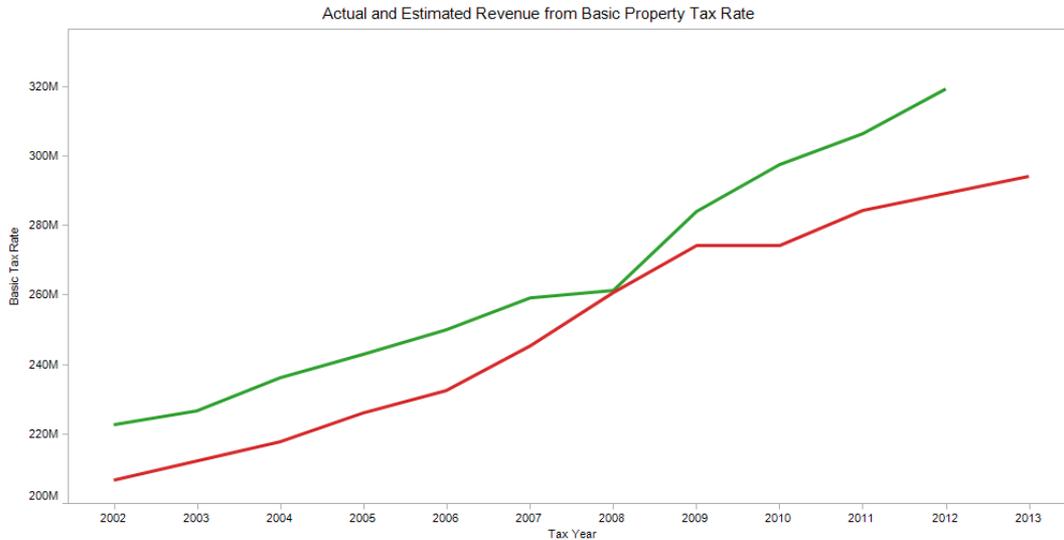
The answer: \$90.1 million, or a mean over-estimate of about 6%. Here are the details.



Sources: LFA, Tax Commission, USOE

Each general session the Legislature adopts an estimated basic property tax rate. The estimated basic tax rate is meant as a guide for the Tax Commission when they calculate the final basic tax rate in June each year.

The reason there has been over-payment is because of estimating error. Here's what the estimating error has looked like since 2002, where the red line is the target revenue and the green line is actual revenue collections.



Sources: LFA, Tax Commission, USOE

Measure Names
■ Statutory Revenue Target
■ Actual Collections from Basic Rate

The estimating error stems from errors in forecasting:

- (1) property valuations; and
- (2) revenue from motor vehicle and other miscellaneous revenue sources.

To address the forecasting errors, the Tax Commission and the Common Data Committee (LFA, GOMB, Tax Commission) are updating the methods used to calculate the basic rate. This should provide more accuracy.

What does the increased accuracy mean for this November's property tax bill? Well, instead of paying a rate of 0.001691 (SB 1 *Public Education Base Budget*), individuals will pay on a more precise 0.001535 rate. If you multiply this by your home's taxable value (i.e. 0.55 time your home's market value), you will get what it means to you. For a \$250,000 home, it's a difference of about \$21.