

FISCAL NOTE

SB 3119

January 30, 2008

SUMMARY OF BILL: Eliminates tax relief for elderly low-income taxpayers and instead increases the value of the residence of a disabled homeowner on which tax relief is available from \$25,000 to \$28,000.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures – Net Impact – \$13,972,700

**Decrease Local Gov't. Expenditures – Net Impact –
Not Significant**

Assumptions:

- According to the Comptroller, for tax year 2009 it is estimated that reimbursement of the first \$25,000 of the value of a residence would be \$188.29 for 12,182 eligible recipients at a state cost of \$2,293,749.
- Increasing the reimbursement ceiling to \$28,000 of the value of a residence would result in a reimbursement of \$208.06 for 12,182 eligible recipients at a cost of \$2,534,587, an increase in state expenditures of \$240,800 ($\$2,534,587 - \$2,293,749 = \$240,838$).
- For tax years 2009, the estimated payment to elderly low-income taxpayers is \$13,998,288. This payment would be eliminated, reducing state expenditures by that amount.
- Five positions in the tax relief department division of the Comptroller's office would be eliminated as 83% of tax relief applicants are elderly. The average salary and benefits for those positions is \$43,050. State expenditures would be reduced \$215,250.
- The total decrease in state expenditures would be \$14,213,500 [$\$13,998,288 + (\$43,050 \times 5 = \$215,250) = \$14,213,500$]. The increase for disabled taxpayer payments of \$240,838 would be offset against this reduction. The net reduction in state expenditures would be \$13,972,700.
- Some counties and cities also provide property tax relief tied to the state program. These local programs are permissive and it is not possible to estimate accurately how many local governments would expand or curtail their programs, although any decrease in expenditures is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director