

FINANCIAL IMPACT ESTIMATING CONFERENCE

FINANCIAL IMPACT STATEMENT

ADDITIONAL HOMESTEAD TAX EXEMPTION, #04-01

Beginning in 2005, the increased exemption reduces the property tax base statewide by approximately 10 percent. This would reduce property tax revenues for cities, counties, schools, and special districts by approximately \$2 billion, based on 2003 tax rates. Local governments could offset the reductions by increasing property tax rates or other taxes and fees, but some will be unable to replace the entire amount. Some governments may choose to operate on less revenue than otherwise.