

For the assessment dates beginning on January 1, 2024, and all dates after, motor vehicles which are assessed for property tax purposes cannot be assessed at a rate higher than six percent (6%) compared to the immediately preceding year's assessment.

On January 6, 2022, the Department of Revenue Office of Property Valuation released a memo pertaining to the motor vehicle assessments adopted on January 1, 2022. This memo indicated the total assessed value for motor vehicles increased by approximately 40 percent when compared to the total assessment adopted on January 1, 2021. Under current statutes, this increase in total assessments will lead to a corresponding increase in motor vehicle property tax receipts at the state and local level during this assessment period.

Since HB 261 would eliminate the assessment increase for motor vehicles that was adopted on January 1, 2022, the fiscal impact of HB 261, once adopted, would be negative during the current assessment period. This negative local impact will vary based on the number of taxing districts within each county, the motor vehicle assessment within each taxing district, and the applicable tax rate. The local impact for future assessment periods during the biennium is indeterminable because motor vehicle assessments for these periods are not available.

Total motor vehicle assessments and motor vehicle tax rate data are publicly available at the county level, but the total assessment by taxing district within the county is not publicly available. In the absence of motor vehicle assessment data by taxing district, it is not possible to estimate the negative local fiscal impact due to eliminating the assessment increase for motor vehicles during the current assessment period. For these reasons, the local impact of HB 261 is negative but indeterminable.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): LRC Staff Economist, Department of Revenue January 6, 2022 memo

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