LOCAL AD VALOREM TAX REDUCTION FUND OVERVIEW

Senate Committee on Assessment and Taxation

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History

Transfer Amounts

Distribution to Counties

Distribution within Counties

Utilization of Funds

History

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- Current Statute Enacted 1965 (amended 39 times since then)
- Statute in 1965 was re-codification of sales tax statutes, sharing of sales tax revenue dates to original enactment of state sales tax in 1937
- Legislation in 2003 initially eliminated the second transfer in FY 2003 and later eliminated all transfers in FY 2004

Transfer Amount

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Base transfer amount is equal January and July transfers combining to 3.63 percent of SGF sales and use taxes from the previous calendar year.

No transfers in FYs 2023, 2024, and 2025.

Transfers of $27 million twice a year beginning in FY 2026.

Base Transfer Amounts (million $):

FY 2019:	99.5
FY 2020:	101.2
FY 2021:	104.1
FY 2022:	113.5
FY 2023:	125.3
FY 2024:	130.5

Distribution to Counties

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65 percent based on share of statewide population

35 percent based on share of statewide taxable valuation

See handout

Distribution within Counties

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Excludes School Districts, based on pro rata share of amount of tax levied within the County.

Hypothetical (Small, Rural) County:

Hypothetical County	Property Tax		Countywide LAVTRF	45,000
State	80,000		State LAVTRF	0
County	6,800,000		County LAVTRF	40,909
City 1	250,000		City 1 LAVTRF	1,504
City 2	135,000		City 2 LAVTRF	812
School 1	15,000,000		School 1 LAVTRF	0
School 2	600,000		School 2 LAVTRF	0
Cemetery	75,000		Cemetery LAVTRF	451
Regional Library	80,000		Regional Library LAVTRF	481
Water	140,000		Water LAVTRF	842

Utilization of Funds

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Must be a line item of revenue for a fund with a tax levy in adopted budget

Cannot be bond and interest funds

LAVTRF distribution and amount of property tax levied cannot exceed the maximum amount of the levy for the fund (historical note)

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