Updated EF Outlook for FY2017

- The EF Outlook for FY2017 has been updated – estimated education taxes are now somewhat higher than in the December 1st EF Outlook.

- However, the change in statewide education taxes is still relatively small:

	FY2016	FY2017	Change
Net Homestead Property	$422.1	$430.8	2.1%
Nonresidential Property	$616.5	$623.2	1.1%

- Changes in the average education tax rates are also relatively small:

	FY2016	FY2017	Change
Homestead Property	$1.525	$1.538	$0.013
Household Income	2.74%	2.72%	-.002%
Nonresidential Property	$1.535	$1.541	$0.006

At these tax rates, the education tax bill for the median taxpayer in each class will increase by a little more than 1.3% in FY2017.

For comparison purposes, a $1.00 homestead property tax rate supported spending at $9,554 per pupil in FY2016 and at $9,870 in FY2017 or a 3.3% increase.

- Caveats:

  - The statewide education spending estimate at 2.5% growth may be low – board-approved school budgets will be unavailable until February.

  - Uses $20.7M in <u>one-time</u> money in FY2017: FY2017 reversion of $16.8M
FY2016 revenue update
FY2015 closeout

- Other issues:

  - Potential accelerated mergers – tax incentive at $1.9M (tax shift, not new money)

  - Spending thresholds under current law: Estimated 127 districts over AGP
$9.5M (tax shift, not new money)

Modification or repeal of the Act 46 spending thresholds is under discussion in both the House and Senate Committees on Education.

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