

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 991	House Committee:	PASSED on 4/2/25 (24-0)
Committee:	Ways and Means	House Floor:	
Floor Manager:	Rep. Jones	Senate Floor:	
Date:	April 23, 2025	Governor:	
Staff:	Kristi Kious (2-5290)		

Property Tax on Childcare Centers

- Provides that childcare centers and facilities will be given the residential rollback (instead of commercial) for property tax purposes.
- Fiscal Note:**
Statewide property taxes are estimated to decrease by \$2.6 million in FY 2027, \$2.6 million in FY 2028, and \$2.7 million in FY 2029.

However, by operation of the School Foundation Aid Formula, it is assumed that the General Fund will backfill the first \$5.40 of the levy rate applied to the reduced taxable property valuation.

The General Fund appropriation for the School Foundation Aid Formula is estimated to increase by the following amounts:

- FY 2027 = \$431,000
- FY 2028 = \$440,000
- FY 2029 = \$448,000

Section by Section Analysis

Section 1 – Actual, assessed, and taxable value (441.21)

This section makes a conforming change related to section 2.

Section 2 – Actual, assessed, and taxable value (441.21)

[New subparagraph] Current law provides that a childcare center or childcare facility are commercial properties and as such are assigned a 90 percent rollback. This means they pay property tax on 90 percent of their assessed value.

This section provides that for assessments years beginning January 1, 2025, and after—property that is primarily used as a childcare center or facility—although a commercial property—will be given the same rollback as residential property on the amount of actual value used as a childcare facility. This will result in a property tax cut for these businesses.

This section provides that a person who wishes to qualify for this rollback must file an application with the assessor by July 1 of the assessment year for which the person is first requesting the limitation on forms provided by the department of revenue. The license to operate as a childcare center or facility must be included with the application. The person will not have to apply in subsequent years as long as the property is still used for this purpose.

This section provides that each county's board of supervisors shall determine eligibility of applicants by September 1 of each year. There is a process for appealing a decision. Additionally, if a property is receiving the residential rollback, but no longer is being used as a childcare center or facility—the taxes that would have been owed will have to be paid back.

Section 3 – Actual, assessed, and taxable value (441.21)

This section makes a conforming change related to section 2.

Section 4 – Actual, assessed, and taxable value (441.21)

This section makes a conforming change related to section 2.

Section 5 – Effective upon enactment

Section 6 – Retroactive applicability

This section provides that the changes to payments to local governments apply to fiscal years beginning on or after July 1, 2026.

Section 7 – Retroactive applicability

This section provides that the new residential rollback for childcare centers and facilities applies to assessments years beginning on or after January 1, 2025.
