

from Rep. Brown

Need JFO help to analyze effects of lowering property tax rates on the costs of current use of income sensitivity when they are financed in the general fund instead of the Education Fund.

Suppose for mathematical convenience that removing CU & IS takes \$200m of costs & lost revenue from the EF. Suppose a town's Ed. prop tax was 1.00. Suppose this is a taxpayer's situation

Taxpayer A
 $\$2,000$ Ed PropTy
 $\frac{800}{}$ State subsidy
 $\$1,200$ taxes owed based on income, etc.

If ↓ prop tax rate by 20%
 $.20 \times 2,000 = \$400$
 $\$1,600$ lower Ed propTy
 $\frac{400}{}$ state subsidy
 $\$1,200$ taxes owed

Cost of IS cut in half perhaps?

Taxpayer B
 $\$3,000$ Ed propTy
 $\frac{1,000}{}$ state subsidy
 $2,000$ taxes owed
 $.20 \times 3,000 = 600$
 \downarrow propTy
 $2,400$
 $\frac{400}{}$
 $2,000$

↓ cost of IS subsidy cut in half?

IS THIS SKETCH ANALYSIS BASICALLY CORRECT?