

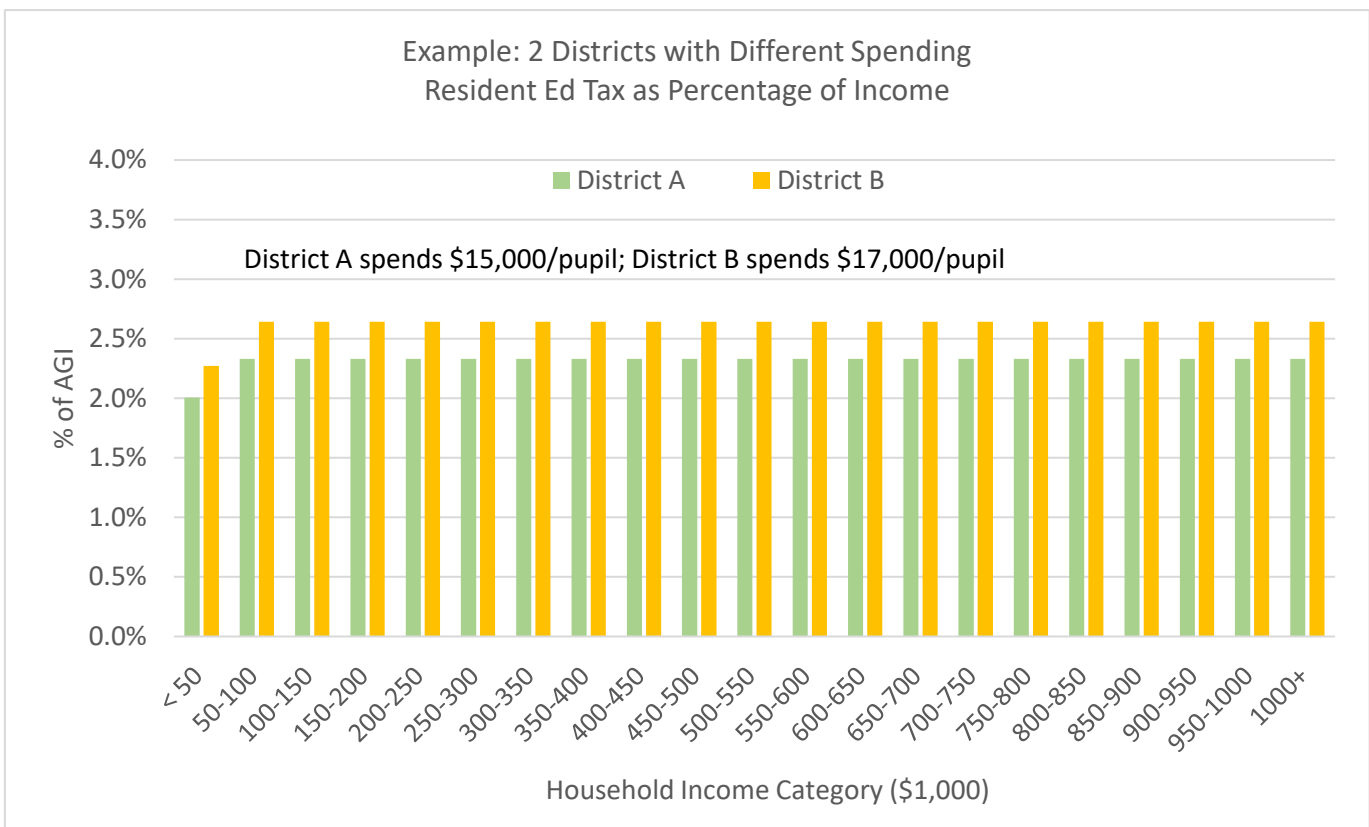
- 1 The Resident Education tax rate in a district would depend on the Education Spending per pupil, as it currently does.

Rate = the district's spending per pupil divided by the yield.

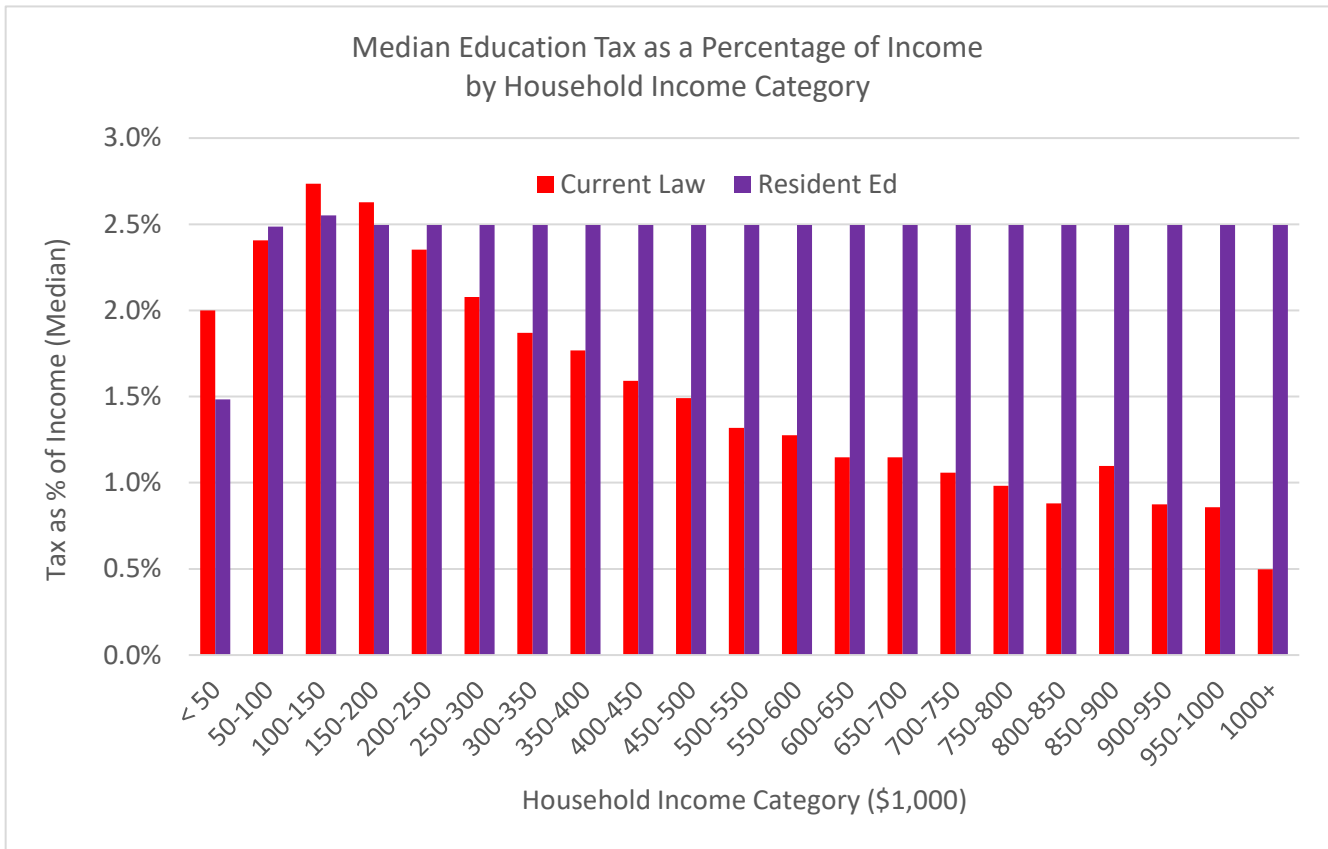
	Spending per Pupil	Yield	Tax Rate
District A	15000	6434	2.33%
District B	17000	6434	2.64%

The rate would vary between districts.

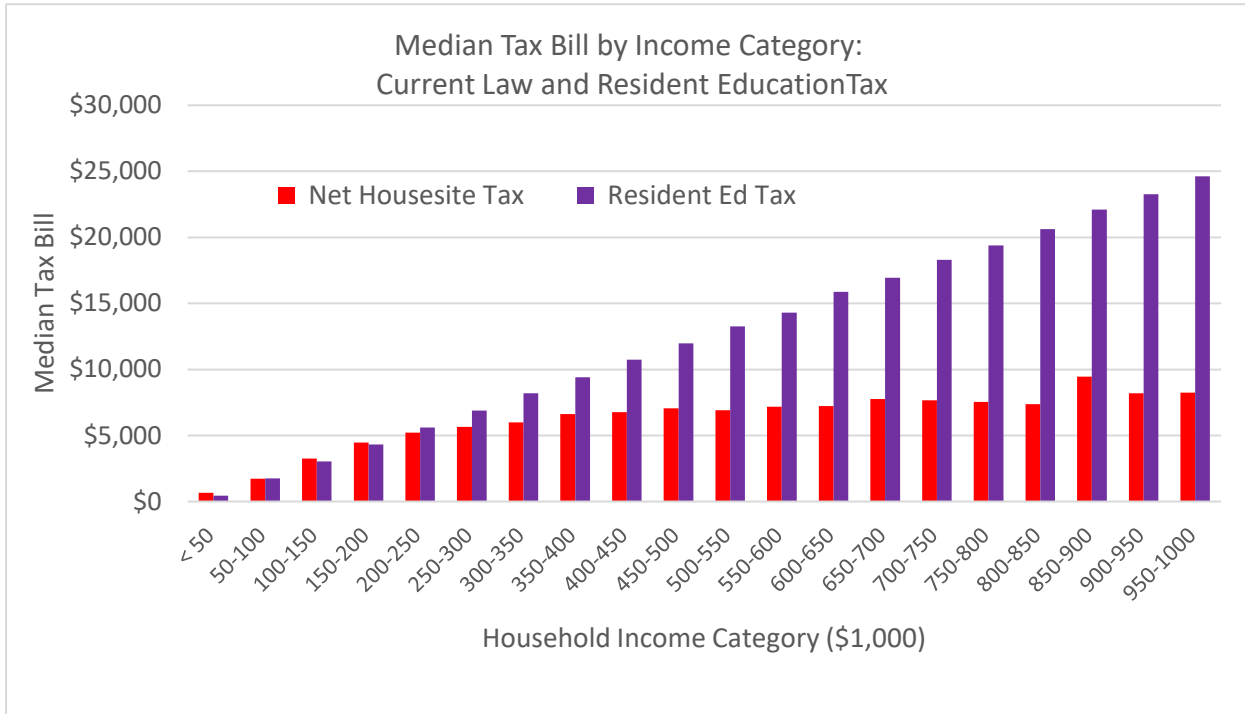
Within a district, the tax bill would be the same percentage of income for all households with incomes above \$50,000



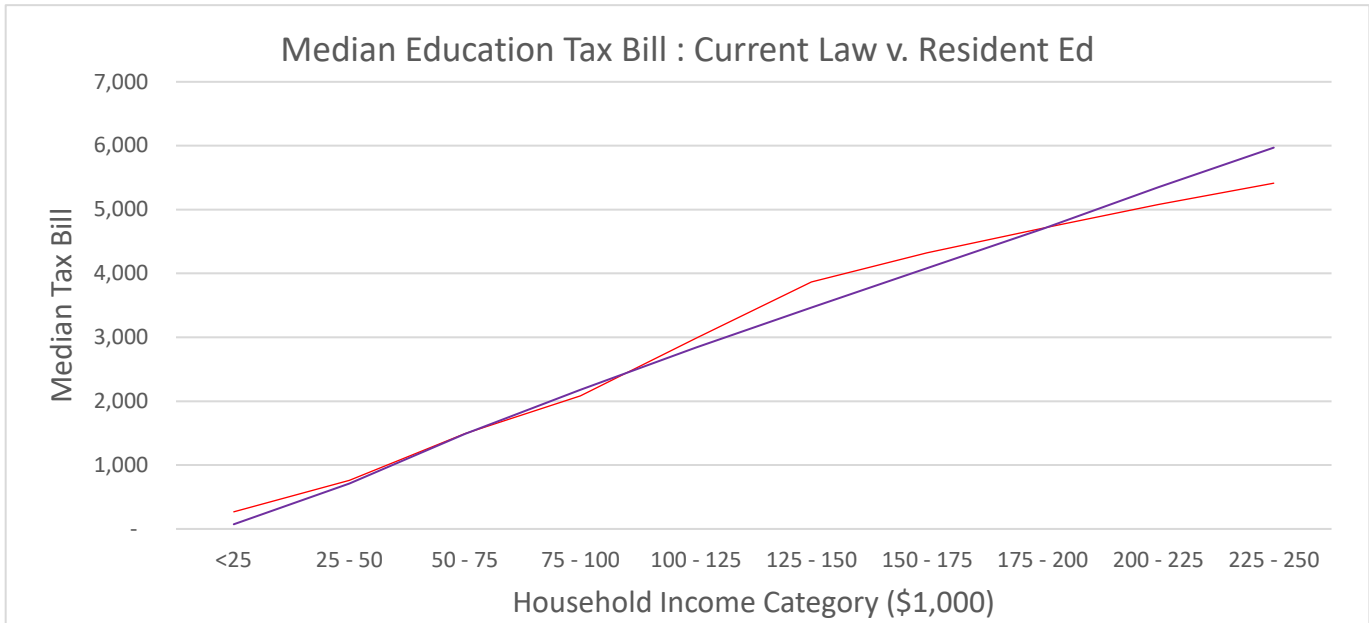
2 In our current law education tax, households with incomes greater than \$250,000 pay a lower percentage of their income in the Education Tax than households with lower incomes do, on average.



- 3 Changing to the Resident Education Tax would result in higher bills for higher incomes, and lower bills for lowest incomes, on average.



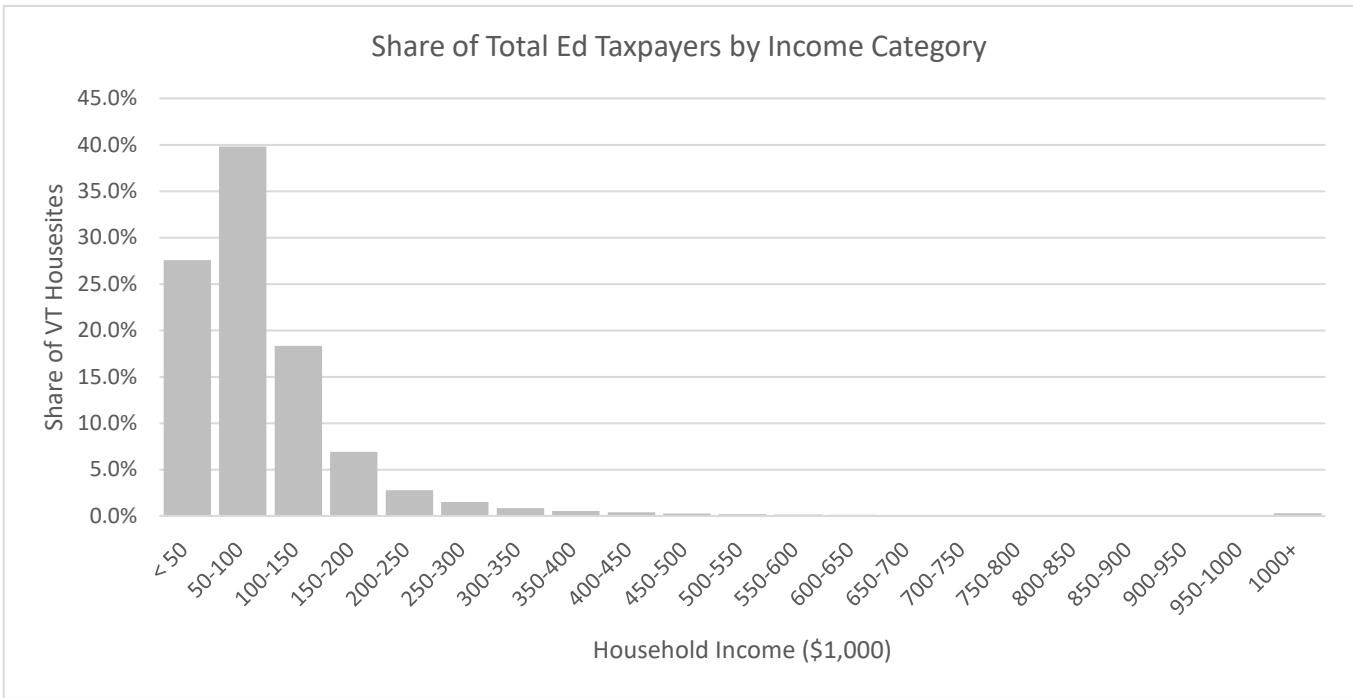
- 4 Because roughly 95% of the taxpaying households have incomes below \$250,000, here is a closer look at the difference between the Resident Education Tax and the net Housesite Education Tax under current law.



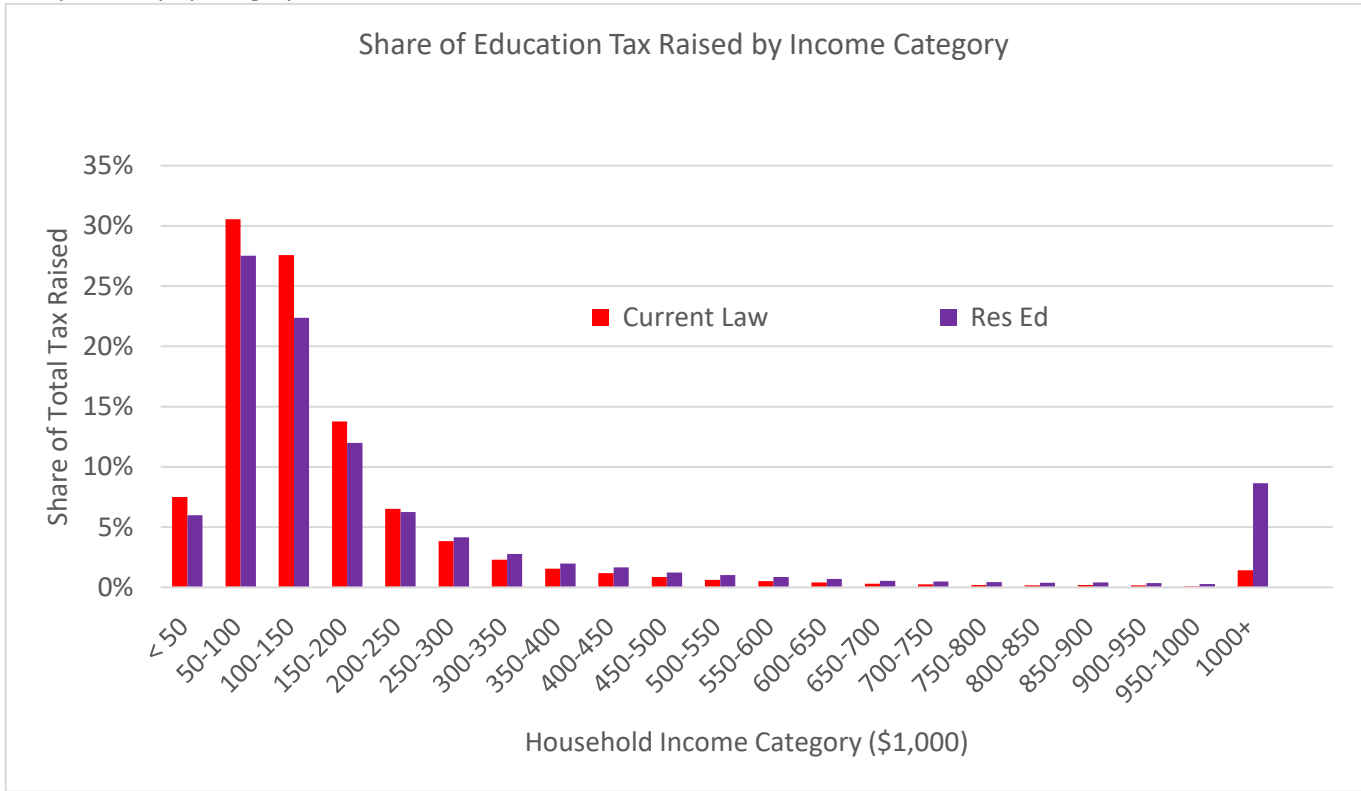
5 Are we asking higher income households to pay a disproportionate share?

This chart shows the distribution of households by income category.

Only around 5% of the households have AGI over \$250,000



- 6 In current law, households with incomes < 250K, in aggregate, pay more than 85% of the total housesite education taxes raised. They would pay roughly 75% of the total under the Resident Education tax

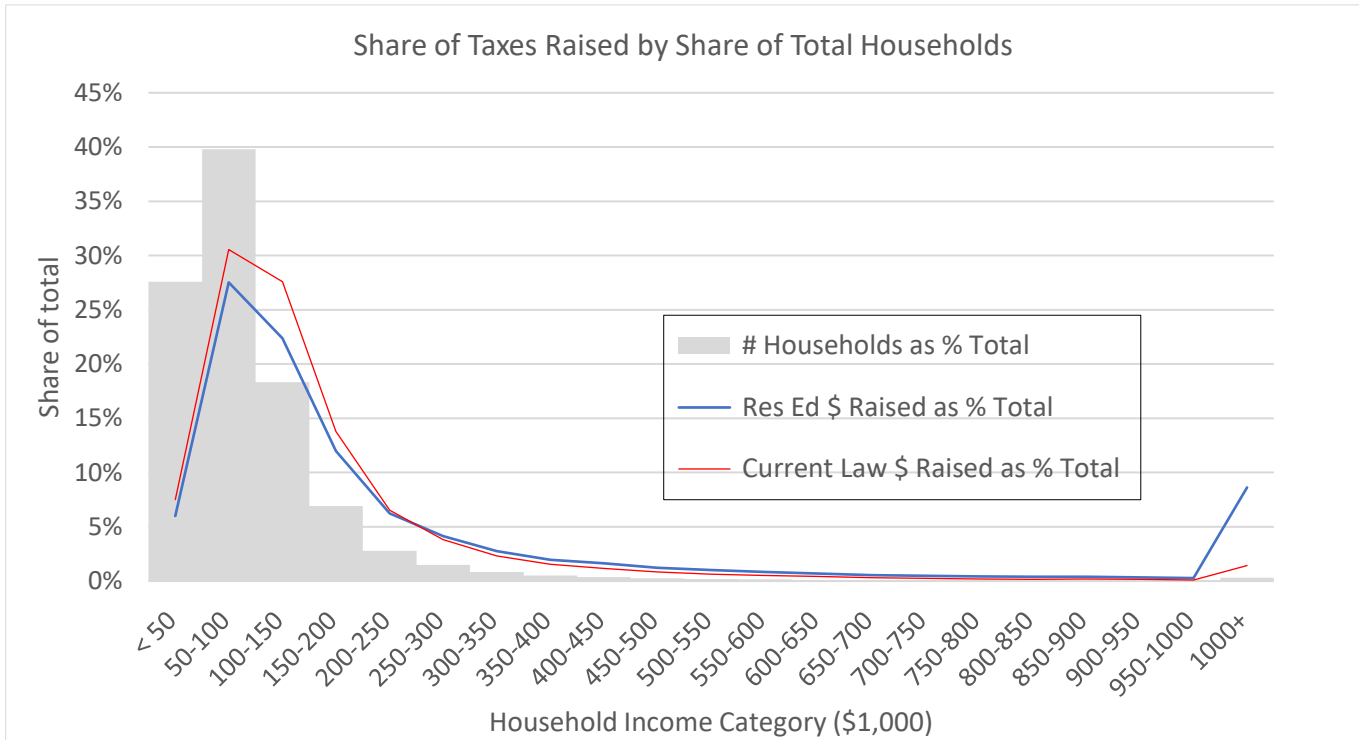


7 This chart combines the last two:

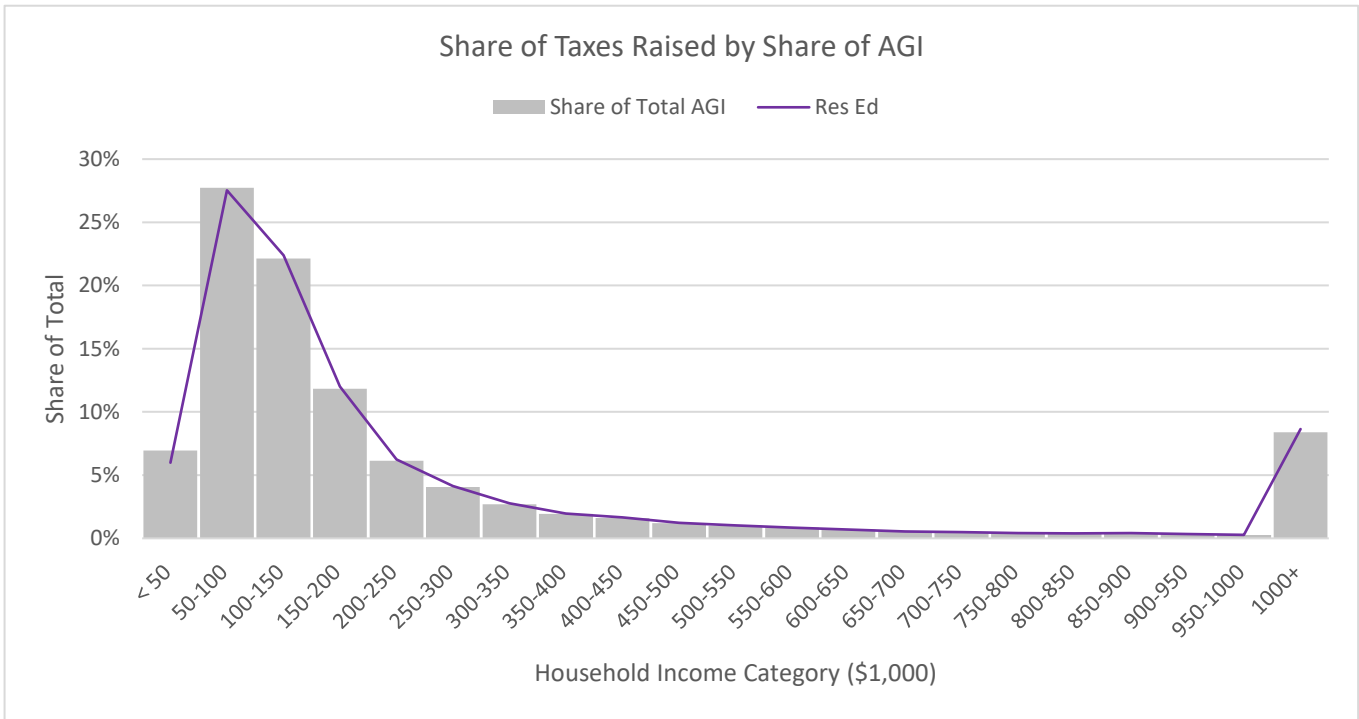
share of households by income category and share of taxes raised by income category.

With the Resident Education Tax, households with incomes between \$50K and \$100K would contribute 28% of the total taxes raised, yet they comprise 40% of the total number of households.

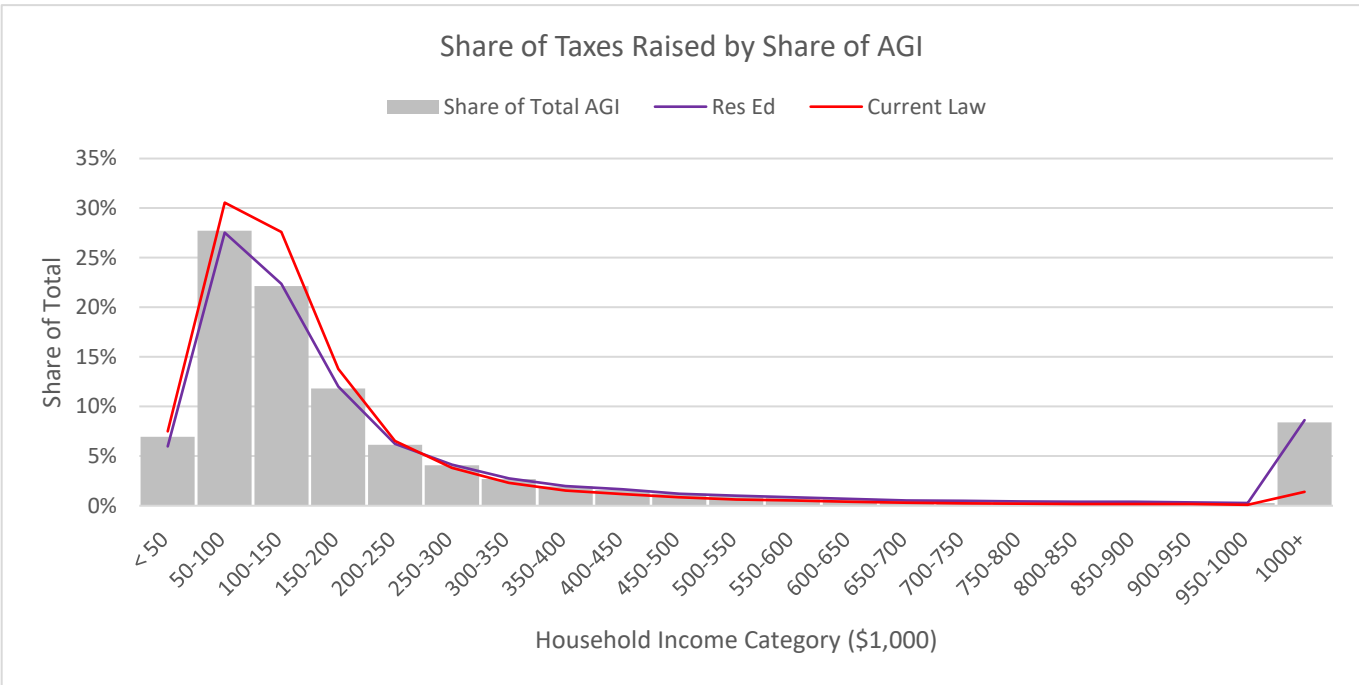
Households with incomes > \$1 million would contribute 8.6% of the total taxes raised, yet the comprise 0.3% of the total number of households



8 Another way to look at fair shares is to compare the share of the taxes raised with the share of total AGI



9 Current law does not show the same fit





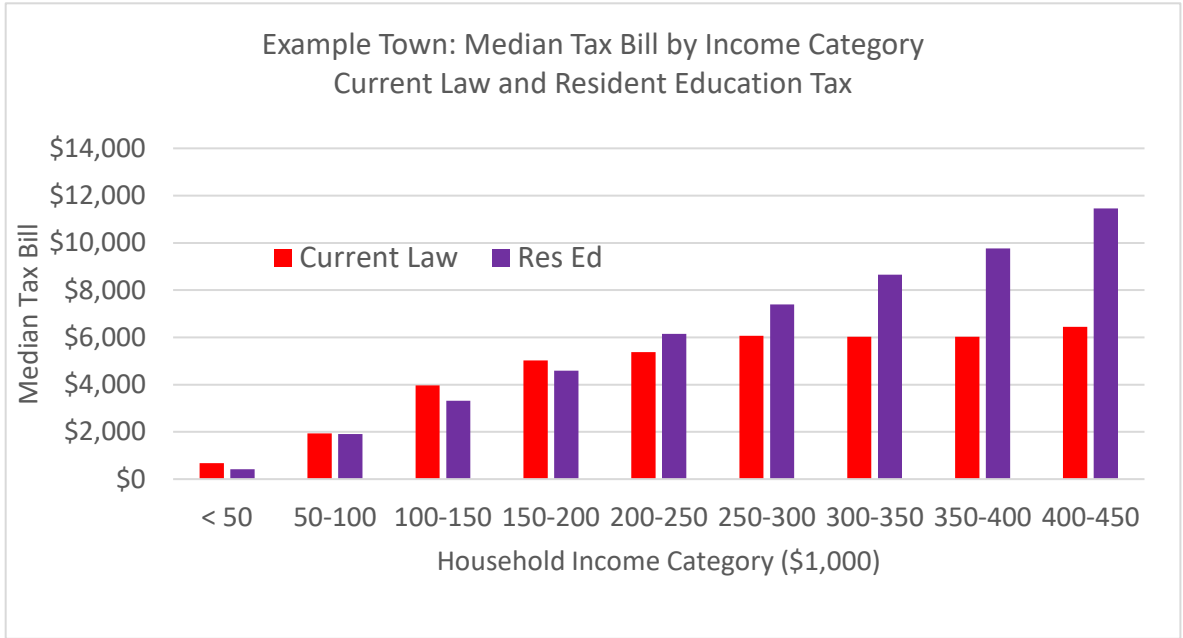
10 About half of the households would see a lower bill, and half would see a higher bill.

Res Ed tax bill would be lower	Res Ed tax bill would be higher
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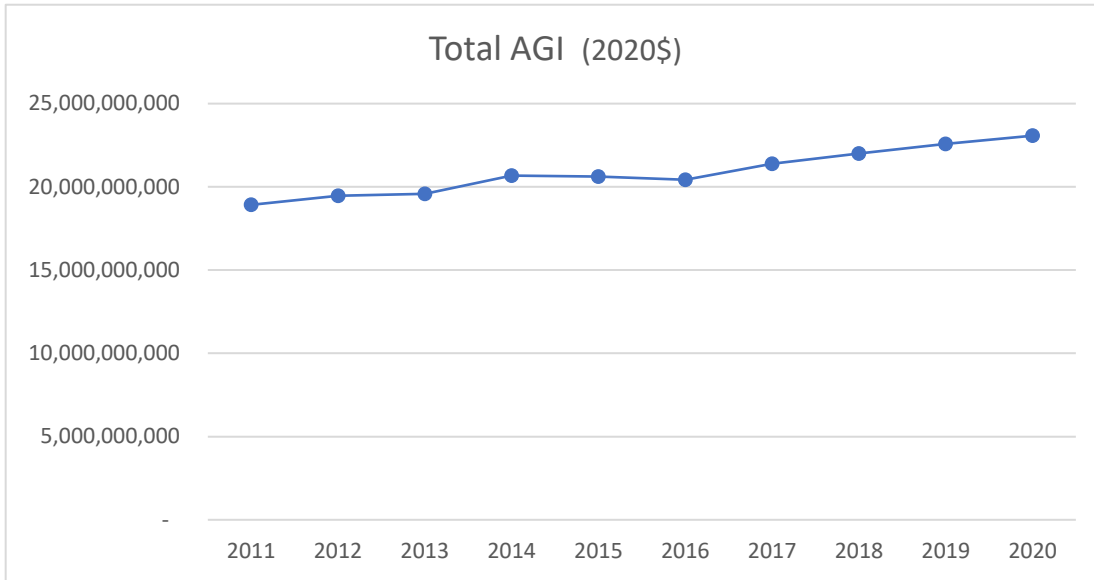
Household Income (\$1,000)	Share of Total Households	Median Decrease	Share of Total Households	Median Increase
< 50	15.54%	(326)	12.04%	202
50-100	17.03%	(462)	22.78%	190
100-150	10.71%	(1,047)	7.61%	431
150-200	3.79%	(1,309)	3.12%	979
200-250	1.20%	(1,453)	1.58%	1,420
250-300	0.45%	(1,521)	1.05%	1,996
300-350	0.19%	(1,826)	0.65%	2,838
350-400	0.09%	(1,732)	0.43%	3,342
400-450	0.05%	(2,224)	0.33%	4,545
450-500	0.03%	(2,781)	0.22%	5,287
500-550	0.02%	(3,182)	0.17%	6,544
550-600	0.01%	(2,377)	0.14%	7,420
600-650	0.01%	(8,451)	0.10%	8,783
650-700	0.01%	(4,785)	0.07%	9,893
700-750	0.00%	(5,955)	0.06%	10,474
750-800	0.00%	(4,257)	0.05%	12,047
800-850	0.00%	(7,343)	0.05%	13,348
850-900	0.00%	(3,409)	0.04%	13,454
900-950	0.00%	(2,516)	0.03%	14,957
950-1000	0.00%		0.03%	15,859
1000+	0.01%	(7,575)	0.29%	31,059

11 Because the rates for both current law and the Resident Education Tax are based on spending per pupil, districts with high rates will still have high rates and districts with low rates will still have low rates.

The rates will change more for people within the district, based on their income (and, to a lesser extent, their housesite value). The chart below shows the change in a typical town.



12 How volatile is the AGI tax base?



12 Would capping the AGI at \$1million reduce volatility?

