

The following analysis should be used as a way to compare alternative approaches and not as forecasts of anticipated revenue.

Table 1 - Comparison of alternative property tax adjustment calculation changes

| Column number | Modeled scenario | Income threshold | Maximum value of housesite that can be substituted by tax on income | | Maximum income eligible for property tax adjustment | Percentage of homeowners receiving a property tax adjustment | Additional cost |
|---------------|--|------------------|---|--|---|--|-----------------|
| | | | For households with incomes below the threshold: | For households with incomes above the threshold: | | | |
| 1 | Current Law | \$90,000 | \$400,000 | \$225,000 | \$135,000 | 63% | - |
| 2 | Cost of living increase of 5% | \$95,000 | \$420,000 | \$236,000 | \$142,000 | 64% | \$6.5 million |
| 3 | 20% increase in income threshold and housesite cap increase in second group only | \$108,000 | \$400,000 | \$270,000 | \$162,000 | 68% | \$19 million |
| 4 | 20% increase in income threshold and housesite caps for both groups | \$108,000 | \$480,000 | \$270,000 | \$162,000 | 68% | \$22 million |
| 5. | Increase second group to a maximum income of \$200,000 (95th percentile) | \$108,000 | \$400,000 | \$335,000 | \$200,000 | 71% | \$31 million |
| 6 | Housesite cap of \$480 first group and a maximum income of \$200,000 (95th percentile) | \$108,000 | \$480,000 | \$335,000 | \$200,000 | 71% | \$34.4 million |
| 7 | Housesite cap set at \$400,000 for all incomes | - | \$400,000 | | \$240,000 | 72% | \$40 million |

The following caveats should be considered when interpreting the analysis:

- a) The credit being estimated would be applied to the FY24 tax bill. Generally, the consensus estimates are only prepared for the next year (FY23).
- b) The credit is based on household income. People don't file household income unless they expect to receive a credit. To estimate the household income of higher-income homeowners, JFO used tax data for 2019 AGI and inflated it using consensus inflation rates and equations to 2022.
- c) The yields have not been set for FY23. For this analysis, the yields were assumed to be the administration's recommended yields from the December 1 letter.
- d) The consensus estimates for inflation and income growth anticipate larger increases in both than what has been observed in the recent past. As a result, the cost of the property tax adjustment would be lower in FY24 than in FY22. For the same reason, the number of homeowners receiving the credit would decrease.
- e) The number of homeowners was held constant for the analysis.