

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.