EXHIBIT NO. 6
DATE 3-6-2009
BILL NO.

Request: Narrow Circuit Breaker

Assumptions (as per decision point mapping document):

Phase In: No

Class 3 Tax Rate: 2.23%
Class 4 Residential Tax Rate: 3.01%
Class 4 Commercial Tax Rate: 3.01%
Class 10 Tax Rate: 0.28%

Homestead Exemption: 34%
Comstead Exemption: Revenue Neutral

Keep the statewide mills at their current level of 101 mills by adding a state mill of the difference. The state mills will float down, so the circuit breaker mill will be equal to approximately 20 mills. The additional revenue raised by the new state mills will be used to fund a circuit breaker aimed at mitigating property taxes paid on primary residences and by renters. The limited circuit breaker is aimed at low income, resident taxpayers.

The tax rates are decoupled.

There is not a staggered homestead exemption.

Secondary and associated residences are treated the same as primary residences in terms of the homestead. Only property taxes paid on primary residences are eligible for the credit.

The reappraisal cycle is immaterial for this analysis.

Parameters used by Dept. of Revenue – Tax Policy and Research in Analysis

All mills float. The individual home examples and individual business examples use the average consolidated mills. This includes the 6 university mills, the 95 school mills, all mills levied by local jurisdictions and schools. This would add additional statewide mills to raise revenue for the circuit breaker.

The analysis uses the OBPP growth rates for each class of property to estimate the growth in newly taxable property.

The cost of this mitigation strategy is assumed to be the difference between what class 4 residential property paid in FY 2008 and what they will pay in this mitigation strategy.

The reappraisal impact on class 4 property is calculated with the percentages that comply with the International Association of Assessing Officers standards. All class 4 properties are included in the base, but the percentage change of the outliers is not incorporated into the analysis.