

To: HJ 35 Subcommittee  
From: Sen. Dick Barrett  
Re: Impact of circuit breaker on effective property tax rates  
Date: August 7, 2020

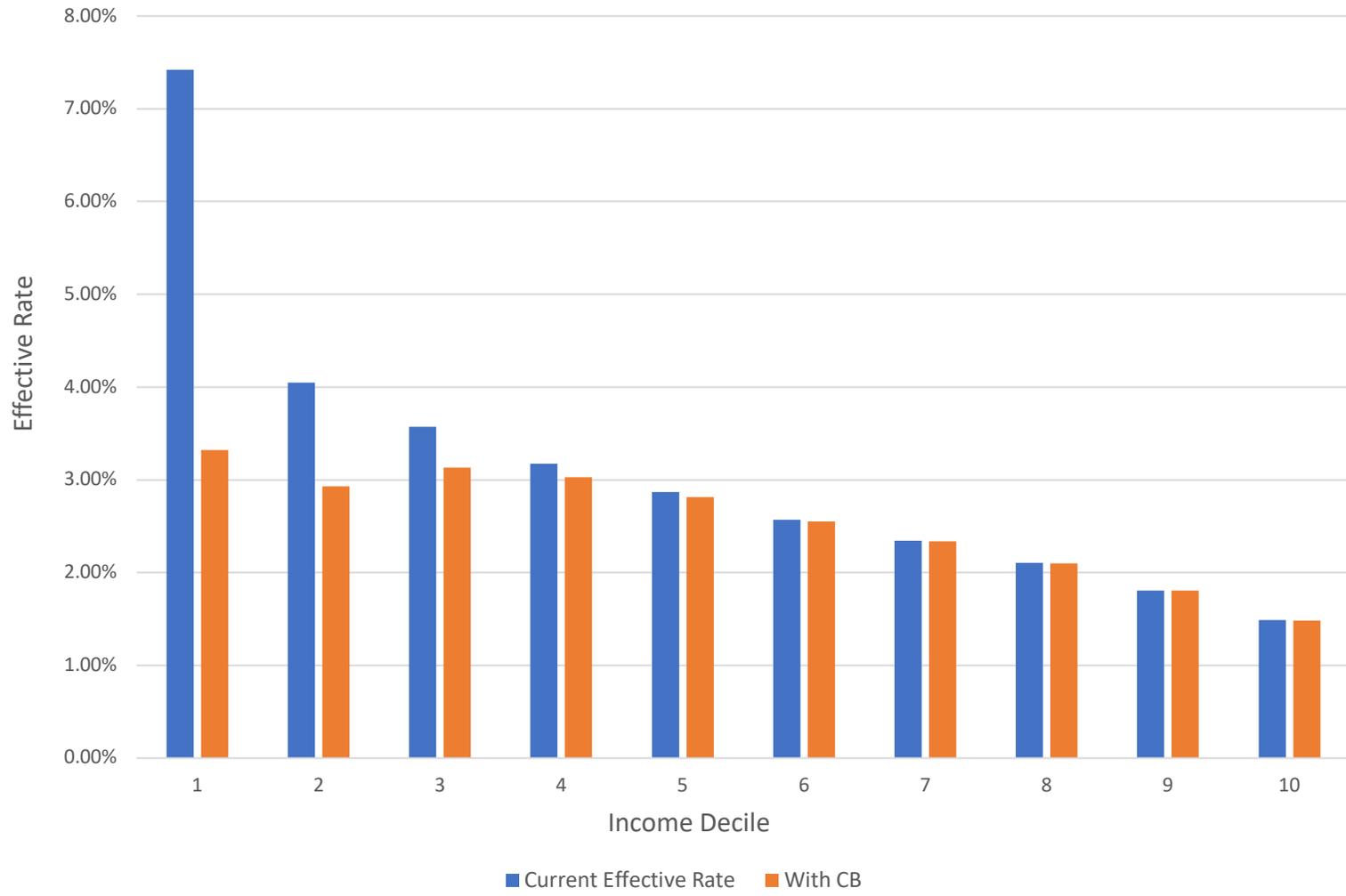
At my request, Eric Dale in the Department of Revenue calculated the impact on effective property tax rates, by income decile, of the five alternative circuit breaker models described by Megan Moore in the document we reviewed at our last meeting (HJ 35-02: Circuit Breaker Bill). Mr. Dale's calculations are available in an Excel spreadsheet, should you wish to dive into the data, but for purposes of visualization, I prepared the charts that follow. The first chart shows the impact of all five models, and the next five charts show essentially the same information for each model individually.

Please note that Mr. Dale made these calculations from data for 215,880 taxpayers for which it was possible to match property tax payments with incomes. It does not include renters, who are covered in the circuit breaker proposal.

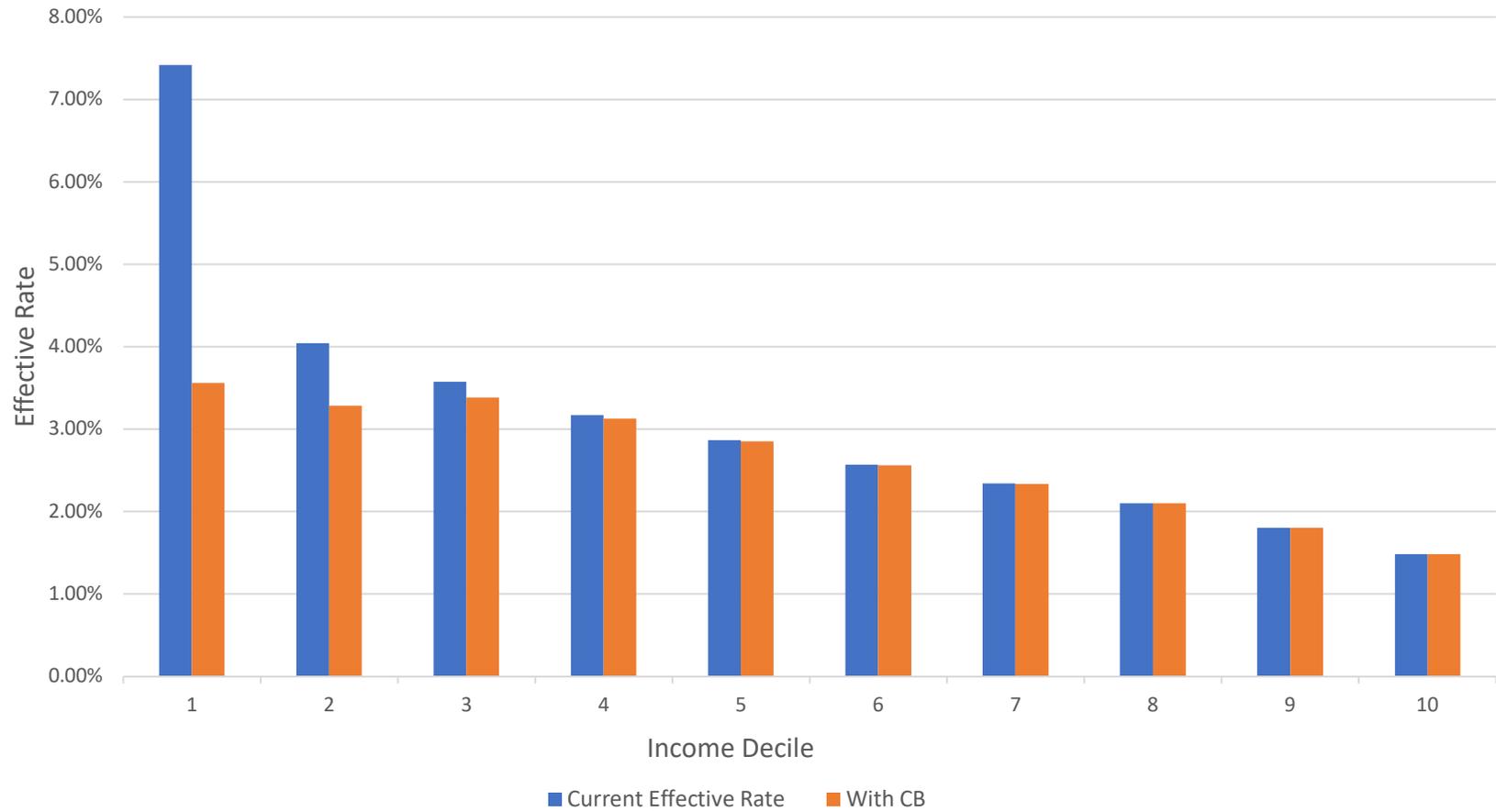
As you might expect, these calculations show that the circuit breaker reduces, but does not eliminate, the substantial regressivity of the property tax, and as is to be expected, that reduction is greater, the greater the total value of credits provided and associated general fund cost. None of the models have the effect of reducing effective rates for households with above median income, and the largest reductions occur in the first and second income deciles.



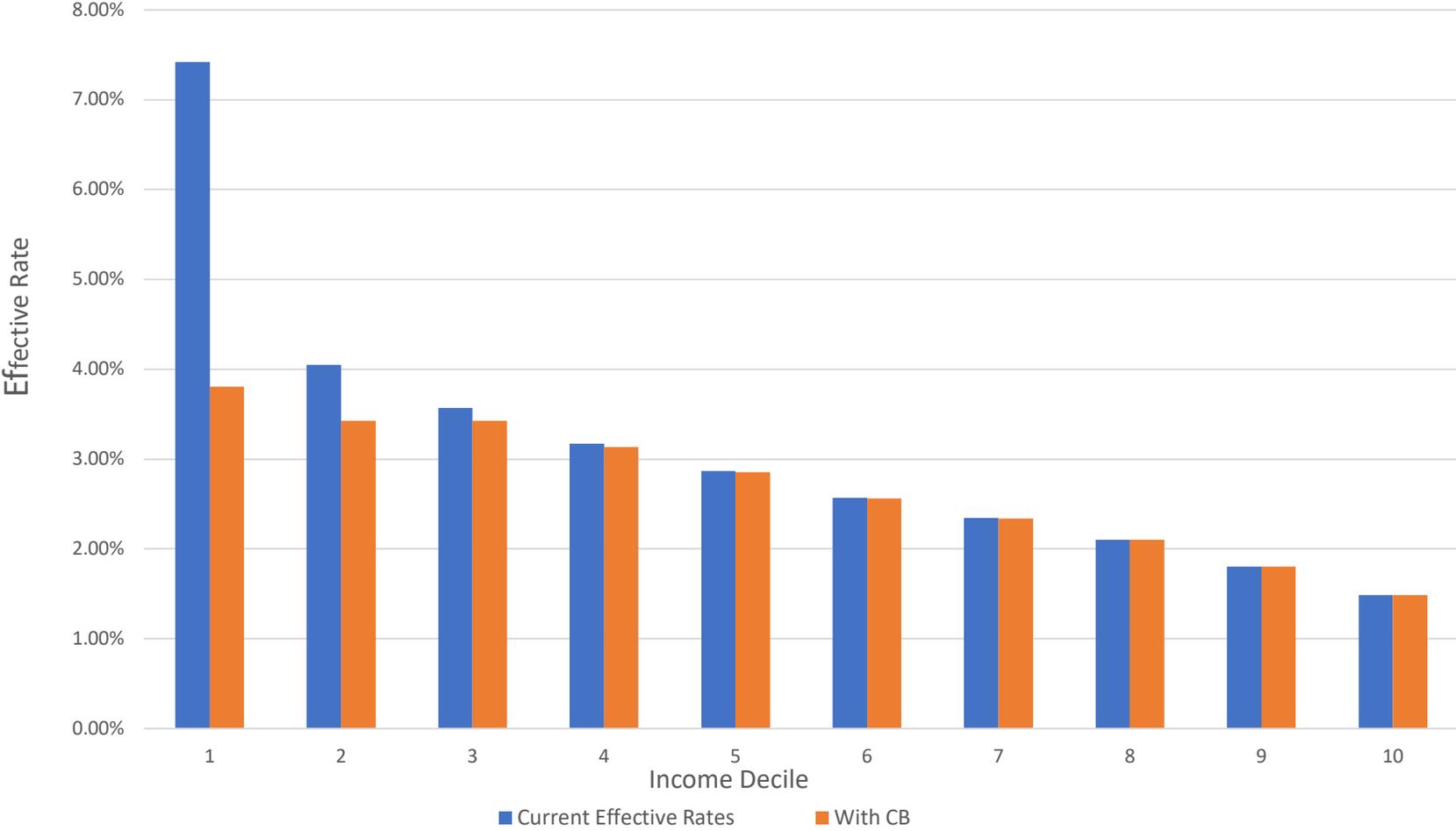
Effective Rate of Property Tax (Tax/Income); Current Actual and with  
Circuit Breaker Assistance; Total GF Cost = \$49.3 million



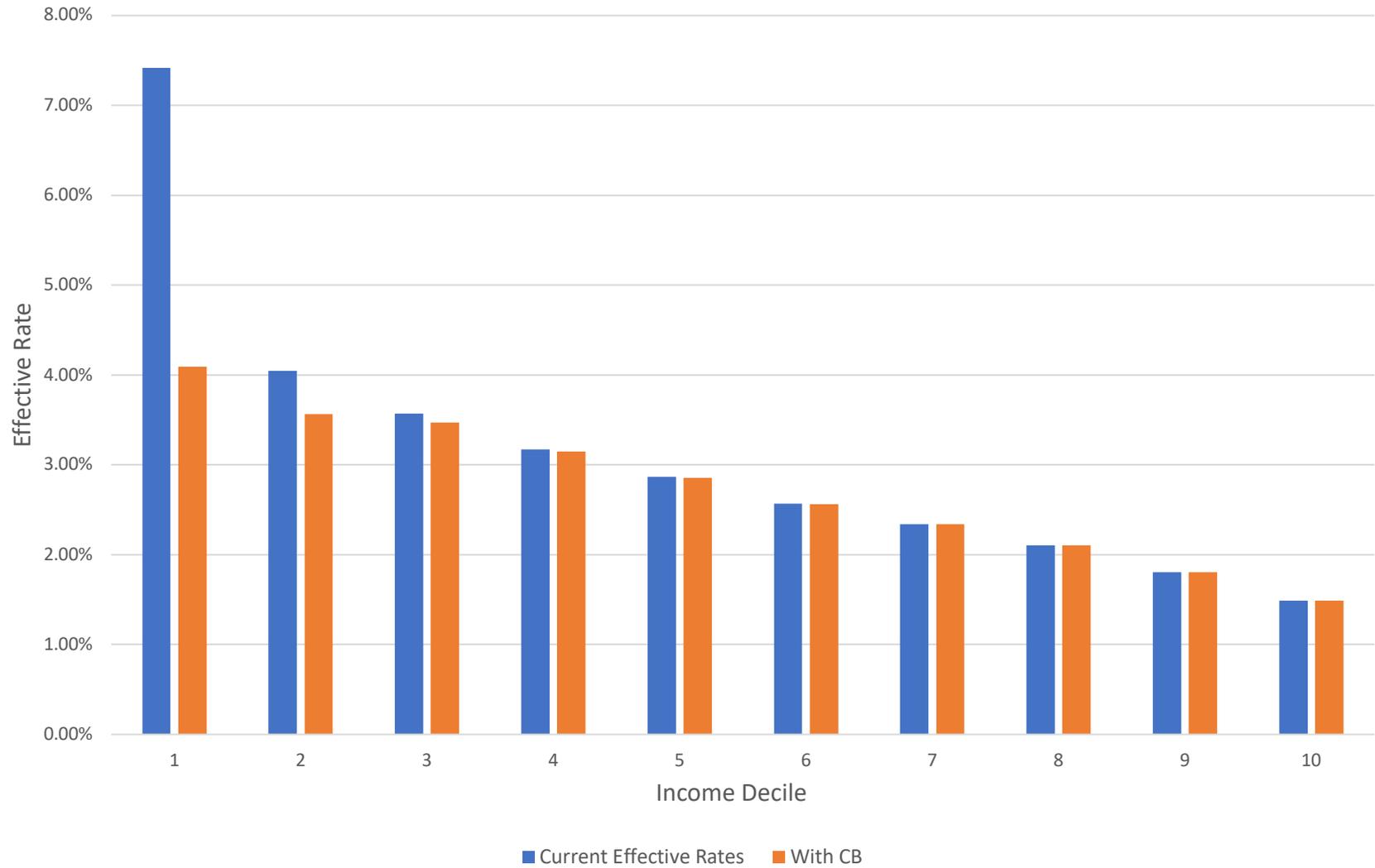
Effective Rate of Property Tax (Tax/Income); Current Actual and with  
Circuit Breaker Assistance; Total GF Cost = \$37.2 million



Effective Rate of Property Tax (Property Tax/Income); Current Actual and with Circuit Breaker Assistance; Total GF Cost = \$32.2 million



Effective Rate of Property Tax (Property Tax/Income); Current Actual and with  
Circuit Breaker Assistance; Total GF Cost = \$26.8 million



Effective Rate of Property Tax (Property Tax/Income); Current Actual and with  
Circuit Breaker Assistance; Total GF cost =\$22.2 million

