# FY 2017 Recommended Budget

Budget Question

**Board Question #: 15**

**BUDGET QUESTION:** What would the real estate and personal property rates have to be to balance out tax payments in 2016 to equal those paid by the average taxpayer in 2015?

**RESPONSE:** We are unable to provide a response to this question until such time as NADA values have been run and we are able to compare 2015 values with 2016 values for like properties, and allows us to combine all vehicles owned by any given taxpayer to assess the impact on the "average taxpayer" as opposed to on the average vehicle.

**April 6 Update to Include Post-NADA Run Information:**

***Assumptions***

Following are the assumptions made in the response to this question in an attempt to provide an appropriate comparison of like properties year over year:

- The comparison includes only those vehicles that exist in both 2015 and 2016.
- Since new construction occurring during 2015 at any given residential property would very likely increase the assessment of that property, new construction is excluded (for an apples to apples comparison).
- Multifamily apartment complexes are removed to avoid skewing the average values of residential parcels.
- This analysis is not perfect because it assumes that the average personal property taxpayer and the average residential real estate tax payer are one in the same person.

***Inputs Defined***

The following are the inputs to this analysis based upon the assumptions above:

- Average 2015 residential assessed value = $173,991
- Average 2016 residential assessed value = $184,345
- Average 2015 automobile assessed value when the same car exists in 2016 = $7,316
- Average 2016 automobile assessed value when the same car existed in 2015 = $6,550
- Combined 2015 tax bills paid by average personal property taxpayer and average residential real estate taxpayer = $1,989. This is the total tax bill figure we solve for by adjusting rates in 2016. See the table below.

***Scenarios Defined***

We provide the response based on three scenarios below:

1. Assume the Personal Property rate is set at the advertised rate of $6.59.
2. Assume the Real Estate rate is set at the advertised rate of $0.86.
3. Assume the Real Estate rate is set at the equalized rate of $0.83.

| Scenario | Real Estate Rate | Personal Property Rate | Total Taxes Due |
|---|---|---|---|
| 1 | $0.8446 | $6.59 | $1,989 |
| 2 | $0.86 | $6.16 | $1,989 |
| 3 | $0.83 | $7.00 | $1,989 |

***What the Table Tells Us***

- Scenario 1 – With the Personal Property rate assumed at the advertised $6.59, the real estate tax rate would need to be $0.8446 for the combined bills for the average real and personal property taxpayers to equal the $1,989 paid in 2015.
- Scenario 2 – With the Real Estate rate assumed at the advertised $0.86, the personal property tax rate would need to be $6.16 for the combined bills for the average real and personal property taxpayers to equal the $1,989 paid in 2015.
- Scenario 3 – With the Real Estate rate assumed at the equalized $0.83, the personal property tax rate would need to be $7.00 for the combined bills for the average real and personal property taxpayers to equal the $1,989 paid in 2015.