

2011 Property Tax Deferral Programs
Current law and possible program changes – Assumptions & projections
 (Based on workgroup input)

<u>Current Law:</u>	<u>2011</u>	<u>2012</u>
Projected Balance in revolving account	\$7.2 million	\$14.4 million*
Projected Tax Payment	<u>\$23.2 million</u>	<u>\$25.2 million</u>
Shortfall.....	(\$16 million)	(\$10.8 million)

* Assumes debt is not carried forward from the 2011 deficit

<u>Policy option scenarios affect on deficit:</u>	<u>2011</u>	<u>2012</u>
Current law shortfall projection	(\$16.0 million)	(\$10.8 million)
Assume program changes #1, #3 only	(\$12.7 million)	(\$ 4.7 million)
Assume program changes #1, #7 at \$300K only	(\$ 6.3 million)	(\$.3 million)
Assume program change #2 only	\$ 0	\$ 0

2011 potential program changes and associated revenue impact

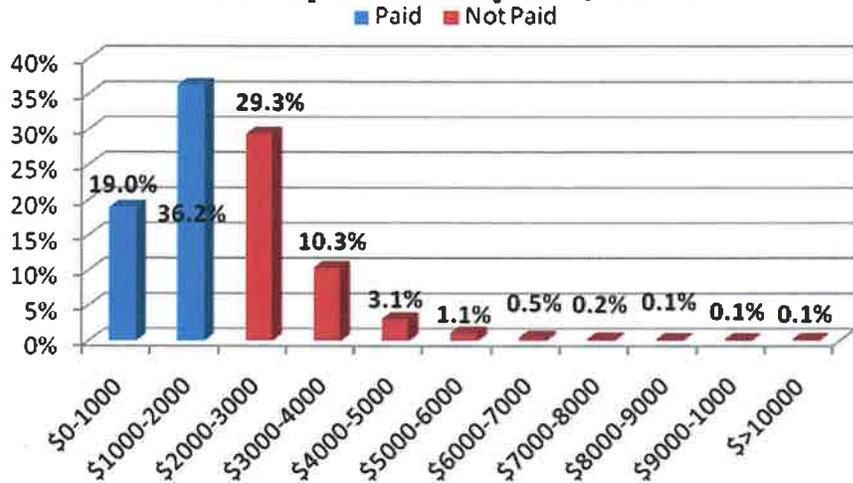
1. No new applications	Savings: \$2.8M
2. Cap payments at available funds	This solution would bring the account to zero on Nov. 2011. Pay accounts \$0-\$2000 or 54% fully paid.
3. Cap payment at \$7000 per account	Savings: \$500,000
4. Change means test to HH income – new applicants only	This would not be a 2011 solution. It is unknown how many accounts this would affect.
5. Lower income test to \$30,000, retain index	This would not be a 2011 solution. It is unknown how many accounts this would affect.
6. RMV cap – new applications	Savings: \$300k = \$992,440 \$500k = \$238,785
7. RMV cap – all new applicants & existing accounts	Savings: \$300k = 4.9M \$500k = 1.1M
8. Residency/equity test – new applicants only	This would not be a 2011 solution. This is policy fine tuning. It is unknown how many accounts this would affect. Minimal.
9. Increase Age threshold to 65 – new applicants only	Savings: \$508,929
10. Change interest rate – prospective only	This would not be a 2011 solution. Long term benefit to revolving account and change in behavior.
11. Reverse mortgage trigger – auto inactivate account.	This would not be a 2011 solution. Policy only, no ability to project.
12. Eliminate proration for excess income accounts	This would not be a 2011 solution. Policy for consistency on income threshold. Simply administration for taxpayer, state, county, and mortgage company.

Imposing a Tax Payment Cap					
Cap	New Obligation	savings	Deficit	% of accounts paid (if we had the \$)	
\$ 7,000	\$ 20,258,344	\$ 504,882	\$ (13,058,344)	99%	
\$ 6,000	\$ 19,953,497	\$ 809,729	\$ (12,753,497)	99%	
\$ 5,000	\$ 19,360,769	\$ 1,402,458	\$ (12,160,769)	98%	
\$ 4,000	\$ 17,960,332	\$ 2,802,894	\$ (10,760,332)	95%	
\$ 3,000	\$ 14,290,233	\$ 6,472,994	\$ (7,090,233)	85%	
\$ 2,000	\$ 6,870,729	\$ 13,892,497	\$ 329,271	55%	

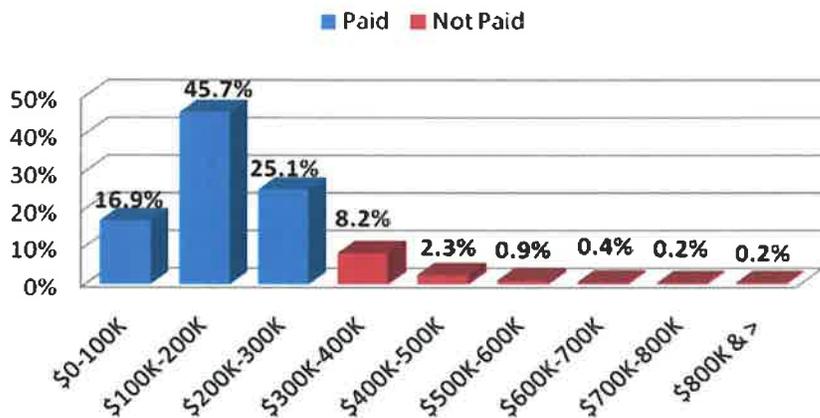
With available funds RMV caps at 300K or 500K don't come into play for 2011.

RMV Cap	New Obligation	savings		% paid
\$ 1,000,000	\$ 20,681,989	\$ 81,237	\$ (13,481,989)	99.9%
\$ 900,000	\$ 20,662,390	\$ 100,836	\$ (13,462,390)	99.9%
\$ 800,000	\$ 20,542,624	\$ 220,603	\$ (13,342,624)	99.8%
\$ 700,000	\$ 20,407,102	\$ 356,125	\$ (13,207,102)	99.6%
\$ 600,000	\$ 20,170,932	\$ 592,295	\$ (12,970,932)	99.2%
\$ 500,000	\$ 19,698,999	\$ 1,064,228	\$ (12,498,999)	98.3%
\$ 400,000	\$ 18,686,702	\$ 2,076,525	\$ (11,486,702)	95.9%
\$ 300,000	\$ 15,860,381	\$ 4,902,846	\$ (8,660,381)	87.7%
\$ 200,000	\$ 9,201,883	\$ 11,561,343	\$ (2,001,883)	62.6%

Tax Payment Cap at \$2000



RMV Cap at \$300K



RMV Cap at \$500K

