



**I. Scope & Goal**

To accurately describe the effects of the proposed Ohana Amendment, given specific assumptions.

**II. Background**

The intention of the Ohana Amendment is to roll back property taxes for owner / occupants to the tax level of 1998. For those purchasing real property after 1998, the level of taxes is brought back to the level found in the year of purchase. Upon sale, the real property taxes are calculated at market assessed levels, and multiplied by County Council determined tax rates.

Increases of tax levels are to be no greater than the cost of living adjustments in retirement benefits by the Social Security Administration, or no more than two percent, whichever is less.

**III. Model**

Ten years of historical data from CY 1994 to 2003 were examined to establish assessment and tax trends. Findings are then applied to the forecast as assumptions.

The following trends emerge from the historical data, taken from the County's databases:

- A. Approximately 12% of households with home owner exemptions (owner / occupants) change hands per year. On any given year forecasted going forward, 88% of the Ohana affected parcels taxes are increased at the Social Security index level (surrogate value of 1.5% used), and 12% of the parcels are valued and taxed at current market. Tax rates of FY 05 were applied.
- B. The current number of home owner exemption holders is 11,458 of 32,058 total parcels.
- C. Appreciation of assessment values averaged among the home owner exempt parcels is found to be:

CY	Value appreciation
01-03	15.97%
99-03	12.12%
94-03	4.42%
89-03	7.45%

- D. There are two tables by which the forecasted values are placed. One table regards only parcels with homeowner exempt parcels, whereas the other table generally reflects all residential parcels (Ag, Single Family Residential, Apt, and Homestead classes).
- E. No PHU or CB ordinance effects are reflected in the forecast.
- F. Caveat - The data prior to CY 2000 is not as reliable as current data, as the County replaced it's computer system in year 2000. Migration of old data from the obsolescent system may result in decreased data integrity.

**IV. Executive Summary**

By simulating different rates of real property appreciation with the current tax model versus the Ohana Amendment model, our analysis reveals that:

- A. The expected revenue loss in FY 2006 is MUSD 3.087 if merely Homeowner Exempt TMK's are included in the Ohana model.
- B. Should generally all residences be included, the effect is magnified, with an effect in the first year alone of MUSD 9.143.
- C. Over nine years, the accumulated effect is grossly estimated at between MUSD 44 and 156.

Please note that the scope of this analysis is strictly limited to an economic review. Social, infrastructure and other effects due to likely potential shifts of tax burden from owner / occupants to farmers, businesses, renters and new home buyers are not considered here.

**V. Reference and Attachments**

Attachment  
Projection in Excel format

Updated by  
Deputy Director, Fin

Accessible by  
Public

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Scenario 1:	Rate of Increase	FY	Projected Tax Revenue	Ohana Rollback - Homeowner Exempt TMK's		Ohana Rollback - All Residential*	
				Projected Revenue	Revenue Loss	Projected Revenue	Revenue Loss
10-yr Avg FY 1995   2004	4.42%	2006	60,702,600	57,615,600	3,087,000	51,560,100	9,142,500
		2007	63,385,700	60,049,700	3,336,000	53,000,800	10,384,900
		2008	66,187,320	62,588,700	3,598,620	54,489,700	11,697,620
		2009	69,112,800	65,237,000	3,875,800	56,028,500	13,084,300
		2010	72,167,600	67,999,400	4,168,200	57,619,300	14,548,300
		2011	75,357,400	70,881,000	4,476,400	59,264,100	16,093,300
		2012	78,688,200	73,886,900	4,801,300	60,964,800	17,723,400
		2013	82,166,200	77,022,500	5,143,700	62,723,700	19,442,500
		2014	85,798,000	80,293,600	5,504,400	64,543,000	21,255,000
		2015	89,590,200	83,706,100	5,884,100	66,425,100	23,165,100
				<b>Effect over ten years</b>	<b>43,875,520</b>	<b>156,536,920</b>	
Scenario 2:							
15-yr Avg FY 1990   2004	7.45%	2006	62,464,000	59,162,800	3,301,200	52,226,100	10,237,900
		2007	67,117,600	63,326,100	3,791,500	54,402,800	12,714,800
		2008	72,117,900	67,792,800	4,325,100	56,703,600	15,414,300
		2009	77,490,700	72,585,200	4,905,500	59,137,100	18,353,600
		2010	83,263,700	77,727,400	5,536,300	61,712,200	21,551,500
		2011	89,466,900	83,245,300	6,221,600	64,438,600	25,028,300
		2012	96,132,200	89,166,900	6,965,300	67,326,700	28,805,500
		2013	103,294,000	95,521,800	7,772,200	70,387,700	32,906,300
		2014	110,989,400	102,342,400	8,647,000	73,633,400	37,356,000
		2015	119,258,100	109,663,000	9,595,100	77,076,700	42,181,400
				<b>Effect over ten years</b>	<b>61,060,800</b>	<b>244,549,600</b>	
Scenario 3:							
5-yr Avg FY 2000   2004	12.12%	2005	65,178,900	61,547,400	3,631,500	53,252,500	11,926,400
		2006	73,078,600	68,557,400	4,521,200	56,630,300	16,448,300
		2007	81,935,700	76,401,400	5,534,300	60,332,200	21,603,500
		2008	91,866,300	85,180,200	6,686,100	64,395,000	27,471,300
		2009	103,000,500	95,006,600	7,993,900	68,860,000	34,140,500
		2010	115,484,100	106,007,200	9,476,900	73,773,600	41,710,500
		2011	129,480,800	118,323,700	11,157,100	79,187,400	50,293,400
		2012	145,173,900	132,115,200	13,058,700	85,159,600	60,014,300
		2013	162,769,000	147,560,000	15,209,000	91,755,000	71,014,000
		2014	182,496,500	164,857,800	17,638,700	99,046,300	83,450,200
				<b>Effect over ten years</b>	<b>94,907,400</b>	<b>418,072,400</b>	
Scenario 4:							
3-yr Avg FY 2002   2004	15.97%	2005	67,417,000	63,513,300	3,903,700	54,098,800	13,318,200
		2006	78,183,500	73,035,500	5,148,000	58,527,900	19,655,600
		2007	90,669,400	84,053,600	6,615,800	63,527,900	27,141,500
		2008	105,149,300	96,805,700	8,343,600	69,185,900	35,963,400
		2009	121,941,642	111,568,000	10,373,642	75,602,200	46,339,442
		2010	141,415,700	129,562,200	11,853,500	82,893,200	58,522,500
		2011	163,999,800	149,356,300	14,643,500	91,193,900	72,805,900
		2012	190,190,600	172,825,500	17,365,100	100,660,300	89,530,300
		2013	220,564,000	198,840,100	21,723,900	111,473,600	109,090,400
		2014	255,788,100	229,608,000	26,180,100	123,843,400	131,944,700
				<b>Effect over ten years</b>	<b>126,150,842</b>	<b>604,311,942</b>	

Projections based on a 12% average turnover, derived from historical trends 1998 - 2003.  
 12% of applicable TMKs move to market value each year and 88% of applicable TMKs increase at 1.5% per year.

\* Residential = All within Agriculture, Homestead, Apartment and Single Family Residential tax classes