

Response to Questions on the FY 2016 Budget

Request By: Supervisor Foust

Question: What is the fiscal impact if the Board wants to expand the number of acres allowed under the tax relief program up to a maximum of 5 acres?

Response: The Board is legally empowered to make a change of this nature by adopting an ordinance amendment. The current program allows relief on the home and up to one acre of land. There are approximately 8,000 participants currently in the program and the average land size is about ¼ acre.

There are 9,713 residentially improved, owner occupied, real estate parcels in the County that are between 1 and 5 acres. These parcels generate approximately \$117 million in General Fund revenue.

Staff has no way to discern the income and fixed asset levels of these homeowners. However, the current tax relief program exempts around 2% of all residentially improved, owner occupied, real estate. The assumption is that the remaining 98% do not qualify based on some combination of age, income and net assets.

If you assume the same percentage would apply to the parcels between 1 and 5 acres, then the fiscal impact of expanding the allowable acreage in tax relief is shown in the table below. In other words, it is estimated that allowing up to 2 acres in tax relief would result in the additional loss of \$1.5 million in General Fund revenue, and another \$35,000 in Special Tax District revenue. Likewise, increasing this to a full 5 acres would result in the additional loss of \$2.3 million in General Fund revenue and just over \$52,000 in Special Tax District revenue. Unfortunately there is no way in advance to validate that the 2% participation rate will remain constant, although this appears to be a reasonable assumption.

Parcel Size	# of Pcl's	Gen. Fund Levy	Spec. Tax Districts	Total Revenue	General Fund at 2%	Special Dist. At 2%	Total Est. Fiscal Impact
>1 acres And </= 2 acres	6,416	\$75,591,664	\$1,747,160	\$77,338,824	\$1,500,000	\$35,000	\$1,535,000
>2 acres And </= 3 acres	1,885	\$24,007,331	\$487,535	\$24,494,867	\$480,000	\$9,800	\$489,800
>3 acres And </= 4 acres	390	\$5,129,346	\$113,036	\$5,242,382	\$103,000	\$2,300	\$105,300
>4 acres And </= 5 acres	1,022	\$12,231,134	\$248,010	\$12,479,144	\$245,000	\$5,000	\$250,000
	9,713	\$116,959,475	\$2,595,742	\$119,555,217	\$2,328,000	\$52,100	\$2,380,100