

EXHIBIT 2

Comparison of Ballot and Statutory School Finance Reform Proposals: Effects of Proposed Changes on Various Households

ECONOMIC VARIABLES	Low-Millage District									Average-Millage District									High-Millage District								
	Renters			Seniors			Homeowners			Renters			Seniors			Homeowners			Renters			Seniors			Homeowners		
	\$15,000	\$30,000	\$10,000	\$20,000	\$25,000	\$50,000	\$72,000	\$100,000	\$200,000	\$15,000	\$30,000	\$10,000	\$20,000	\$25,000	\$50,000	\$72,000	\$100,000	\$200,000	\$15,000	\$30,000	\$10,000	\$20,000	\$25,000	\$50,000	\$72,000	\$100,000	\$200,000
Income level	\$6,000	\$8,400	\$50,000	\$65,000	\$50,000	\$100,000	\$130,000	\$150,000	\$300,000	\$6,000	\$8,400	\$50,000	\$65,000	\$50,000	\$100,000	\$130,000	\$150,000	\$300,000	\$6,000	\$8,400	\$50,000	\$65,000	\$50,000	\$100,000	\$130,000	\$150,000	\$300,000
Home value (annual rent)	\$6,900	\$11,250	\$4,800	\$8,600	\$10,000	\$16,000	\$20,880	\$24,500	\$40,000	\$6,900	\$11,250	\$4,800	\$8,600	\$10,000	\$16,000	\$20,880	\$24,500	\$40,000	\$6,900	\$11,250	\$4,800	\$8,600	\$10,000	\$16,000	\$20,880	\$24,500	\$40,000
Taxable consumption	46.0%	37.5%	48.0%	43.0%	40.0%	32.0%	29.0%	24.5%	20.0%	46.0%	37.5%	48.0%	43.0%	40.0%	32.0%	29.0%	24.5%	20.0%	46.0%	37.5%	48.0%	43.0%	40.0%	32.0%	29.0%	24.5%	20.0%
Taxable consumption/income	3	4	2	2	4	4	4	4	4	3	4	2	2	4	4	4	4	4	3	4	2	2	4	4	4	4	4
Family size (exemptions)																											
<b>TAX SYSTEMS</b>																											
<b>Current</b>																											
Property tax (50 mills)	\$1,020	\$1,428	\$1,250	\$1,625	\$1,250	\$2,500	\$3,250	\$3,750	\$7,500	\$1,020	\$1,428	\$1,450	\$1,885	\$1,450	\$2,900	\$3,770	\$4,350	\$8,700	\$1,020	\$1,428	\$1,750	\$2,275	\$1,750	\$3,500	\$4,550	\$5,250	\$10,500
Homestead credit	-297	-227	-900	-925	-225	-450	-438	0	0	-297	-227	-1,100	-1,185	-345	-690	-750	0	0	-297	-227	-1,200	-1,200	-525	-1,050	-1,218	0	0
Income tax (4.6%)	400	994	0	37	764	1,914	2,926	4,214	8,814	400	994	0	37	764	1,914	2,926	4,214	8,814	400	994	0	37	764	1,914	2,926	4,214	8,814
Sales tax (4%)	276	450	192	344	400	640	835	980	1,600	276	450	192	344	400	640	835	980	1,600	276	450	192	344	400	640	835	980	1,600
Federal deductibility	0	0	0	-111	-268	-1,110	-1,607	-2,469	-5,873	0	0	0	-111	-280	-1,155	-1,665	-2,655	-6,305	0	0	0	-167	-298	-1,222	-1,752	-2,934	-6,953
Total taxes	\$379*	\$1,217*	\$542	\$970	\$1,920	\$3,494	\$4,966	\$6,475	\$12,041	\$379*	\$1,217*	\$542	\$970	\$1,988	\$3,609	\$5,116	\$6,889	\$12,809	\$379*	\$1,217*	\$742	\$1,289	\$2,090	\$3,782	\$5,341	\$7,510	\$13,961
<b>Ballot option</b>																											
Property tax (31 mills)	\$1,200	\$1,680	\$775	\$1,008	\$775	\$1,550	\$2,015	\$2,325	\$4,650	\$1,200	\$1,680	\$750	\$975	\$750	\$1,550	\$1,950	\$2,250	\$4,500	\$1,200	\$1,680	\$900	\$1,170	\$900	\$1,800	\$2,340	\$2,700	\$5,400
Homestead credit	-405	-378	-425	-307	0	0	0	0	0	-405	-378	-400	-275	0	0	0	0	0	-405	-378	-550	-470	-15	-30	0	0	0
Income tax (4.4%)	383	950	0	35	730	1,830	2,798	4,030	8,430	383	950	0	35	730	1,830	2,798	4,030	8,430	383	950	0	35	730	1,830	2,798	4,030	8,430
Sales tax (6%)	414	675	288	516	600	960	1,253	1,470	2,400	414	675	288	516	600	960	1,253	1,470	2,400	414	675	288	516	600	960	1,253	1,470	2,400
Federal deductibility	0	0	0	-110	-226	-947	-1,348	-1,970	-4,709	0	0	0	-110	-222	-933	-1,330	-1,947	-4,655	0	0	0	-110	-242	-1,008	-1,439	-2,086	-4,979
Total taxes	\$392*	\$1,247*	\$638	\$1,141	\$1,880	\$3,394	\$4,718	\$5,855	\$10,771	\$392*	\$1,247*	\$638	\$1,141	\$1,858	\$3,358	\$4,672	\$5,803	\$10,675	\$392*	\$1,247*	\$638	\$1,141	\$1,973	\$3,552	\$4,952	\$6,114	\$11,251
<b>Statutory option</b>																											
Property tax (37 mills)	\$1,200	\$1,680	\$925	\$1,203	\$925	\$1,850	\$2,405	\$2,775	\$5,550	\$1,200	\$1,680	\$900	\$1,170	\$900	\$1,800	\$2,340	\$2,700	\$5,400	\$1,200	\$1,680	\$1,050	\$1,365	\$1,050	\$2,100	\$2,730	\$3,150	\$6,300
Homestead credit	-405	-378	-575	-502	-30	-60	0	0	0	-405	-378	-550	-470	-15	-30	0	0	0	-405	-378	-700	-665	-105	-210	-126	0	0
Income tax (6.0%)	360	1,080	0	0	780	2,280	3,600	5,280	11,280	360	1,080	0	0	780	2,280	3,600	5,280	11,280	360	1,080	0	0	780	2,280	3,600	5,280	11,280
Sales tax (4%)	276	450	192	344	400	640	835	980	1,600	276	450	192	344	400	640	835	980	1,600	276	450	192	344	400	640	835	980	1,600
Federal deductibility	0	0	0	-105	-251	-1,140	-1,681	-2,497	-6,059	0	0	0	-105	-250	-1,134	-1,663	-2,474	-6,005	0	0	0	-105	-259	-1,168	-1,737	-2,613	-6,329
Total taxes	\$231*	\$1,152*	\$542	\$939	\$1,824	\$3,570	\$5,159	\$6,538	\$12,371	\$231*	\$1,152*	\$542	\$939	\$1,824	\$3,556	\$5,112	\$6,486	\$12,275	\$231*	\$1,152*	\$542	\$939	\$1,866	\$3,642	\$5,302	\$6,797	\$12,851
<b>TOTAL CHANGE IN TAXES PAID</b>																											
Current vs. Ballot	\$13	\$31	\$96	\$171	-\$41	-\$100	-\$248	-\$620	-\$1,269	\$13	\$31	\$96	\$171	-\$130	-\$251	-\$444	-\$1,085	-\$2,133	\$13	\$31	-\$104	-\$148	-\$117	-\$230	-\$388	-\$1,396	-\$2,709
Current vs. Statutory	-\$148	-\$65	\$0	-\$31	-\$97	\$77	\$193	\$63	\$330	-\$148	-\$65	\$0	-\$31	-\$173	-\$53	-\$4	-\$403	-\$534	-\$148	-\$65	-\$200	-\$350	-\$224	-\$139	-\$39	-\$713	-\$1,110
<b>Addenda: Real estate transfer tax</b>																											
Ballot changes—2%	\$0	\$0	\$1,000	\$1,300	\$1,000	\$2,000	\$2,600	\$3,000	\$6,000	\$0	\$0	\$1,000	\$1,300	\$1,000	\$2,000	\$2,600	\$3,000	\$6,000	\$0	\$0	\$1,000	\$1,300	\$1,000	\$2,000	\$2,600	\$3,000	\$6,000
Statutory changes—1%	0	0	500	650	500	1,000	1,300	1,500	3,000	0	0	500	650	500	1,000	1,300	1,500	3,000	0	0	500	650	500	1,000	1,300	1,500	3,000

SOURCE: Public Sector Consultants, Inc.

NOTES: Taxable consumption and its share of income are estimate from the Bureau of Labor Statistics 1991 Consumer Expenditure Survey.

Under the statutory plan the income tax exemption increases from \$2,100 to \$3,000 per non-senior and from \$3,000 to \$3,900 per senior.

Federal deductibility is based on marginal tax rates ranging from 15 percent to 36 percent.

Homestead tax credit is limited to \$1,200 and phased out for incomes greater than \$73,650; renters will receive a credit equal to 20 percent of rent paid, up from the 17 percent currently used.

The tax on cigarettes increases 50 cents per pack under the ballot option and 15 cents per pack under the statutory option.

Under either option, an enhancement tax of up to a 3 mills can be raised by local school districts, subject to voter approval.

\*Property tax estimates for renters are used only to calculate the homestead credit; they are not counted in tax totals.