



## Mills Act Tax Assessment Worksheet

Annual Property Income		
<b>Monthly Rental Income</b>	<i>An estimate of monthly rental income is required, even if the property is owner occupied. For single-family residences, a realtor may be able to assist you in determining the potential rental income from your property.</i>	<b>\$3,200</b>
<b>Annual Rental Income</b>	<i>Multiple monthly rental income by 12.</i>	<b>\$38,400</b>
Annual Operating Expenses		
<b>Insurance</b>		<b>\$1,898</b>
<b>Utilities</b>	<i>Electricity, Water, Gas.</i>	<b>\$4,005</b>
<b>Maintenance</b>	<i>General Repairs, Cleaning, Painting, Landscaping.</i>	<b>\$3,700</b>
<b>Total Expenses</b>	<i>Add total expenses. Total expenses typically equal approximately 25% of annual rental income.</i>	<b>\$9,603</b>
Annual Net Income		
<b>Net Total</b>	<i>Annual rental income minus total expenses.</i>	<b>\$28,797</b>
Capitalization Rate		
<b>Interest Rate Component</b>	<i>Fixed interest rate established by the Board of Equalization for most recent year. [4.0%]</i>	<b>4.0%</b>
<b>Historic Property Tax Risk Component</b>	<i>4.0% for single-family residences 2.0% for all other properties</i>	<b>4.0%</b>
<b>Property Tax Component</b>	<i>Fixed Component [1.0%]</i>	<b>1.0%</b>
<b>Amortization Component</b>	<i>Based on life of improvements. [Typically 0.67%]</i>	<b>0.67%</b>
<b>Capitalization Rate</b>	<i>Add individual components above.</i>	<b>9.67%</b>
Assessed Value		
<b>Historic Property Value</b>	<i>Net total divided by capitalization rate.</i>	<b>\$297,797</b>
<b>Current Assessed Value</b>	<i>From current property tax bill.</i>	<b>\$796,000</b>
Estimated Tax Reduction		
<b>Current Tax</b>	<i>General levy tax portion only. Does not include sewer assessments, bond issues, or other voter indebtedness.</i>	<b>\$8,928</b>
<b>Estimated Tax under Mills Act</b>	<i>1.0% of Historical Property Value. Provided as an estimate of potential tax savings.</i>	<b>\$2,978</b>