

Examples of Property Tax Calculations Under Mills Act- ESTIMATES ONLY

Current Assessed Valuation	\$2,000,000	
Current Taxes	\$20,000	1% of Val.

Recalculating Using Mills Act Assessment Method

Gross Income	\$60,000	\$5,000 /Month
Less Expenses	\$8,000	\$667 /Month (insurance, maintenance, utilities)
Net Income	\$52,000	
Capitalization Rate	15.00%	
Mortgage Rate	5.00%	
Risk Component	4.00%	
Tax Rate	1.00%	
Amortization	5.00%	
New Valuation	\$346,667	(\$52,000/15.00%)
New Taxes	\$3,467	(\$346,667 X 0.01)
TOTAL SAVINGS	\$16,533	(\$20,000-\$3,467)

Loss of Revenue (by Agency)		Approx. %
Los Angeles County	\$5,147	31%
Educational Augmentation Funds	\$3,841	23%
MBUSD	\$2,571	16%
Tax District #1 (City)	\$2,417	15%
Other Agencies	\$2,558	16%

Examples of Property Tax Calculations Under Mills Act- ESTIMATES ONLY

Current Assessed Valuation	\$2,000,000	
Current Taxes	\$20,000	1% of Val.

Recalculating Using Mills Act Assessment Method

Gross Income	\$120,000	\$10,000 /Month
Less Expenses	\$8,000	\$667 /Month (insurance, maintenance, utilities)
Net Income	\$112,000	
Capitalization Rate	15.00%	
Mortgage Rate	5.00%	
Risk Component	4.00%	
Tax Rate	1.00%	
Amortization	5.00%	
New Valuation	\$746,667	(\$112,000/15.00%)
New Taxes	\$7,467	(\$746,667 X 0.01)
TOTAL SAVINGS	\$12,533	(\$20,000-\$7,467)

Loss of Revenue (by Agency)		Approx. %
Los Angeles County	\$3,902	31%
Educational Augmentation Funds	\$2,911	23%
MBUSD	\$1,949	16%
Tax District #1 (City)	\$1,832	15%
Other Agencies	\$1,939	16%

Examples of Property Tax Calculations Under Mills Act- ESTIMATES ONLY

Current Assessed Valuation	\$500,000	
Current Taxes	\$5,000	1% of Val.

Recalculating Using Mills Act Assessment Method

Gross Income	\$60,000	\$5,000 /Month
Less Expenses	\$8,000	\$667 /Month (insurance, maintenance, utilities)
Net Income	\$52,000	
Capitalization Rate	15.00%	
Mortgage Rate	5.00%	
Risk Component	4.00%	
Tax Rate	1.00%	
Amortization	5.00%	
New Valuation	\$346,667	(\$52,000/15.00%)
New Taxes	\$3,467	(\$346,667 X 0.01)
TOTAL SAVINGS	\$1,533	(\$5,000-\$3,467)

Loss of Revenue (by Agency)		Approx. %
Los Angeles County	\$477	31%
Educational Augmentation Funds	\$356	23%
MBUSD	\$238	16%
Tax District #1 (City)	\$224	15%
Other Agencies	\$237	16%