

Mills Act Property Tax Abatement				
Hypothetical Calculation				
<p>Property A is a recently purchased qualified historical property with a market value and assessed value of \$1,000,000. The commercial property produces \$150,000 in annual rental income and has \$75,000 in annual expenses . The County Assessor determines the useful life of the property improvements the owners wish to complete is twenty years.</p>				
	A	B	C	D
			Calculation	Notes
1	Market Value	\$ 1,000,000.00		
2	Assessed Value	\$ 1,000,000.00		
3	Property Tax Rate	1.00%		
4	Total Property Tax Owed	\$ 10,000.00	B2*B3	
5				
6	Annual Income	\$ 150,000.00		
7	Annual Expenses	\$ 75,000.00		
8	Net Income	\$ 75,000.00	B6-B7	
9				
10	Useful Life of Improvements	20		Number of years as determined by the County Assessor
11	Assessment Ratio	1	B1/B2	Market Value/Assessed Value (For newly bought properties, this will be 1)
12				
13	Interest Component (2015)	4.25%		Set by Board of Equalization annually
14	Historic Property Risk Component	2%		Set by Statute (Residential Single Family Dwellings is 4%)
15	Property Tax Component	1.00%		Equal to the Assessment Ratio times the property tax rate
16	Amortization Component	5%		Equal to the reciprocal of the remaining life of the structure
17	Capitalization Rates	12.25%	B13+B14+B15+B16	
18				
19				
20	Restricted Value	\$ 612,244.90	B8/B17	
21	New Property Tax Owed	\$ 6,122.45	B20*B3	
22	Difference in Property Tax	\$ 3,877.55	B4-B21	
23	Abatement Percentage	61%	(B21/B4)*100	