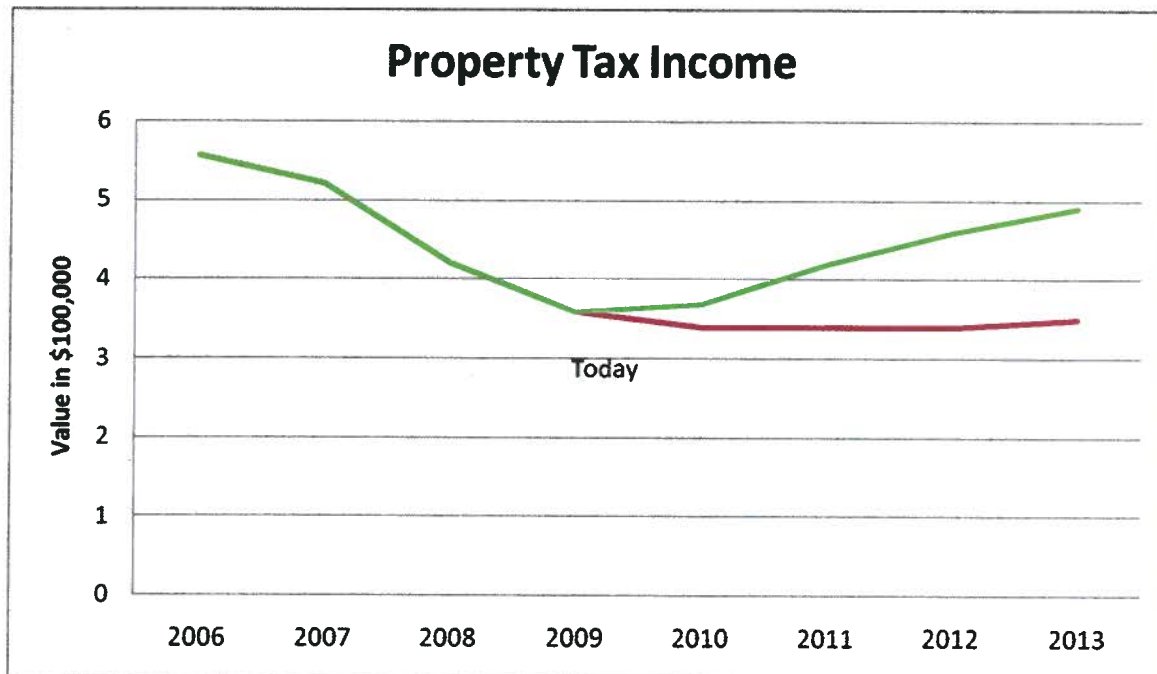


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Stop the Drop

The first and best benefit of Prop 90 is increasing tax revenue to El Dorado County (EDC) without a tax increase and without increased growth. How does it do that?



Notice in the graph that EDC would have had increased tax revenues each year until about 2007 when real estate prices began to fall and property owners began their requests for reassessments. Of course the reassessments were to lower present values of properties and thereby lower property tax revenues. How does EDC put a stop to the continued reduction of real estate values in a market that is slowly proceeding toward disaster? EDC is in the process of implementing Proposition 90 and 110, lowering the property taxes on a specific class of new purchasers. The process is already being used for Prop 60 affecting Intra-County transfers.

We need to recognize that homes changing their assessment will far outweigh the number of homes being sold. Twenty thousand homes with downward reassessments of 35% will reflect a recognized loss of \$35,000,000/year. If the trend continues for three more years the county could lose \$100,000,000.

If this happens what will EDC do to meet its financial responsibilities?

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12.10.09