

Calculation of Property Taxes

Statute provides that the actual value of property is not the taxable value. Rather, the taxable value is a percentage of the actual value. The percentage is called an "assessment rate," and the resulting value is called the "assessed value." The assessment rate is 29 percent for all properties except residential. The residential assessment rate is established by the legislature every odd-numbered year. It is currently 7.96 percent for assessment years 2005 and 2006. The intent of having the ability to change the residential assessment rate is to maintain the tax burden balance between residential properties and all other properties.

Your property taxes are calculated by multiplying the mill levy or tax rate by the assessed or taxable value of your property.

EXAMPLE:

The actual value of Mr. Brown's home is \$200,000. The Notice of Valuation shows the current assessment percentage is 7.96%.

Actual Value x Assessment Percentage = Assessed Value

\$ 200,000 Actual Value x 7.96% Assessment Percentage = \$ 15,920 Assessed Value

To determine the amount of property taxes, multiply the **assessed value** times the **decimal equivalent of the total mill levy**. A Mill is equal to 1/1000 of a dollar. A tax rate is the mill levy expressed as a percentage. Thus 75.541 mills = 7.5541% or .075541 as the decimal equivalent.

If Mr. Brown's assessed value is \$15,920, his taxes will be:

Assessed Value x Mill Levy = Taxes

\$ 15,920 Assessed Value x .075541 Mill Levy = \$ 1202.61 Taxes