

How property taxes are calculated

You can calculate the amount you pay in property taxes by multiplying

your property's taxable assessment (your assessment minus any exemptions)

X

the tax rates for school districts, municipalities, counties and special districts.

Tax Owed = taxable assessment x tax rate

Tax rates are calculated by local jurisdictions

There are several steps involved in determining tax rates:

1. Taxing jurisdiction (school district, municipality, county, special district) develops and adopts a budget.
2. Taxing jurisdiction determines revenue from all sources other than the property tax (state aid, sales tax revenue, user fees, etc.).
3. Revenues are subtracted from the budget and the remainder becomes the tax levy. The tax levy is the amount of the tax levy that is raised through the property tax.

Tax levy = budget - revenues

4. To determine the tax rate, the taxing jurisdiction divides the tax levy by the total taxable assessed value of all property in the jurisdiction.

5. Because tax rates are generally expressed as "per \$1,000 of taxable assessed value," the product is multiplied by 1,000.

Tax rate per thousand (tax levy ÷ total of all taxable assessments in jurisdiction) x 1,000

For example:

- Town A's tax levy = \$2,000,000
- Town's total taxable assessed value = \$40,000,000
- Tax rate = \$50 per \$1,000 of taxable assessed value
- Tax bill for property with a taxable assessment of \$150,000 = \$7,500

To calculate tax rates for counties and school districts that cross over municipal boundaries equalization rates are necessary.

Your tax bill can change each year due to changes in school district or local government:

- budgets
- revenue
- total taxable assessed value
- tax levy distribution among multiple municipalities

Changes in your assessment or exemptions can also impact your tax bill.

If you believe your property taxes are too high but your assessment is accurate, you should:

- examine the scope of your taxing jurisdictions' budgets and expenditures
- address your concerns to the appropriate forum, such as meetings of the school board, city council, town board, or county legislature.

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