

# How are Tax Rates Calculated?

$$\text{Levy} = \text{Assessed Value} \times \text{Tax Rate} \quad \text{-or-} \quad L = A \times R$$

## Calculating a Tax Rate for a Taxing District:

### WITHOUT an Equalization Factor:

- Taxing District's Levy Request: \$100,000
- Total Assessed Value in Taxing District: \$5,000,000
- Tax Rate:  $\$100,000 / \$5,000,000 = .0200 \text{ or } 2.0000\%$

## Calculating a Tax Rate for a Taxing District: WITH

### an Equalization Factor (1.1352):

- Taxing District's Levy Request: \$100,000
- Total Assessed Value in Taxing District:  $\$5,000,000 \times 1.1352 = \$5,676,000$
- Tax Rate:  $\$100,000 / \$5,676,000 = .0176 \text{ or } 1.7618\%$

## Calculating How This Affects an Individual Tax Bill (using the previous example):

### WITHOUT an Equalization Factor:

- Taxable Assessed Value on Parcel: \$50,000
- Tax Rate for Tax District: 2.0000%
- Tax Bill Amount:  $\$50,000 \times 2.0000\% = \$1,000 \text{ Taxes Due}$

### WITH an Equalization Factor (1.1356):

- Taxable Assessed Value on Parcel:  $\$50,000 \times 1.1352 = \$56,760$
- Tax Rate for Tax District: 1.7618%
- Tax Bill Amount:  $\$56,760 \times 1.7618\% = \$1,000 \text{ Taxes Due}$

Equalization **DOES NOT MEAN** your tax bill is going up. It means the Real Estate Market is appreciating, usually due to inflation, low interest rates, lack of available properties, socio-economic factors and other external influences.

**INCREASE IN TAX LEVY = INCREASE IN TAX BILL**