



2019 Revaluation and the Impact on Property Taxes

Myths

- Revaluation is causing the rise in real estate prices
- Increase in my property value means an increase in my property taxes
- My property value increased so significantly it must be wrong
- It costs money to have my assessment reviewed or appealed
- There is no point in submitting an informal review if I know I am going to file a formal appeal.





How are Property Taxes Calculated?

How Property Taxes Are Calculated



Value = \$100,000



Value = \$110,000



Value = \$120,000

The total cost to provide all “County” services to the community is \$1,000

Step 1: Total Property value = \$330,000 (value of all 3 homes)

Step 2: Cost to provide services = \$1,000

Step 3: $\$1,000 \div 330,000 = .00303$

**30.30¢ = Property Tax Rate
(per \$100 of assessed value)**



How Property Taxes Are Calculated



\$100,000 (Value)

X

30.30¢ (Tax Rate)

\$303 = Tax Bill



\$110,000 (Value)

X

30.30¢ (Tax Rate)

\$333 = Tax Bill



\$120,000 (Value)

X

30.30¢ (Tax Rate)

\$363 = Tax Bill

\$1,000 approx.



Revaluation



\$105,000

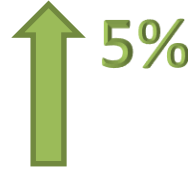


5%

Value Increase



\$115,500



5%

Value Increase



\$132,000



10%

Value Increase

Step 1: Total Property value = \$352,500 (value of all 3 homes)

Step 2: Cost to provide services = \$1,000

Step 3: $\$1,000 \div 352,500 = 0.002837$

28.37¢ = Property Tax Rate



Revaluation



\$105,000 (5% increase)

X

28.37¢ (Tax Rate)

~~\$303 = Tax Bill~~

\$298 (less)



\$115,500 (5% increase)

X

28.37¢ (Tax Rate)

~~\$333 = Tax Bill~~

\$327 (less)



\$132,000 (10% increase)

X

28.37¢ (Tax Rate)

~~\$363 = Tax Bill~~

\$374 (more)

\$1,000 approx.



Revaluation, Increase in Cost of Services & New Construction



\$105,000



\$115,500



\$132,000



\$150,000

Step 1: Total Property value = \$502,500 (value of all 4 homes)

Step 2: Cost to provide services = \$1,200

Step 3: $\$1,200 \div 502,500 = 0.002388$

23.88¢ = Property Tax Rate



Revaluation, Increase in Cost of Services & New Construction



\$105,000
X
23.88¢
~~\$303~~
\$251 (less)



\$115,500
X
23.88¢
~~\$333~~
\$276 (less)



\$132,000
X
23.88¢
~~\$363~~
\$315 (less)



\$150,000
X
23.88¢
\$358

\$1,200 approx.





Revenue Neutral

What is Revenue Neutral?

Revenue Neutral Is...

- Calculation of the tax rate that would generate the same revenue accounting for growth
- Provides comparison of the tax rate before and after revaluation
- Published with the Budget per the General Statute
- Calculated only after total values are known
- Single value

Revenue Neutral Is Not...

- Required to be adopted
- A value that varies by different property types or locations
- Impacted by rates of cities or towns
- A calculation that factors
 - Changes in collection rate
 - One-time revenue from the prior year, such as carryforward or fund balance
 - Annualized expenses



Calculating Revenue Neutral Example

FY2019 Value
\$129,723,000,000



FY2019 Rate
82.32



FY2019 Tax Levy
\$1,067,879,736

FY2020 Value
\$182,180,000,000
(example only)



Rate Required to
Generate FY2019 Levy
58.62



Average Annual % Increase
Due to Improvements
2.36%



Revenue Neutral Rate
60.00
(example only)





Tax Bill Scenarios

Median Home Value

EXAMPLE ONLY

FY2019
82.32 cent tax rate



Median Home FY2019	
Home Value	\$154,100
Value of Vehicles	\$23,944
County Tax Bill	\$1,466

Example with
60 cent tax rate



Potential assessment outcome

FY2020	Low	Mid	High
Home Value	\$198,542	\$216,372	\$241,660
Change in Value	28.84%	40.41%	56.82%
Value of Vehicles	\$23,944	\$23,944	\$23,944
County Tax Bill	\$1,335	\$1,442	\$1,594
Change in Tax Bill/month	(\$10.91) or (8.9%)	(\$2) or (2.2%)	\$10.66 or 8.7%



What about a property below the median?

EXAMPLE ONLY

FY2019
82.32 cent tax rate



Below Median Home FY2019	
Home Value	\$104,400
Value of Vehicles	\$23,944
County Tax Bill	\$1,057

Example with
60 cent tax rate



Potential assessment outcome

FY2020	Low	Mid	High
Home Value	\$134,509	\$146,588	\$163,720
Change in Value	28.84%	40.41%	56.82%
Value of Vehicles	\$23,944	\$23,944	\$23,944
County Tax Bill	\$951	\$1,023	\$1,126
Change in Tax Bill/month	(\$8.83) or (10%)	(\$2.75) or (3.2%)	\$5.75 or 6.6%



What about a property above the median?

EXAMPLE ONLY

FY2019
82.32 cent tax rate



Above Median Home FY2019	
Home Value	\$242,200
Value of Vehicles	\$23,944
County Tax Bill	\$2,191

Example with 60
cent tax rate



Potential assessment outcome

FY2020	Low	Mid	High
Home Value	\$312,050	\$340,073	\$379,818
Change in Value	28.84%	40.41%	56.82%
Value of Vehicles	\$23,944	\$23,944	\$23,944
County Tax Bill	\$2,016	\$2,184	\$2,434
Change in Tax Bill/month	(\$14.58) or (8%)	(\$.58) or (0.6%)	\$19.33 or 10.6%

What about a really high value property?

EXAMPLE ONLY

FY2019
82.32 cent tax rate



High Value Home FY2019	
Home Value	\$500,000
Value of Vehicles	\$23,944
County Tax Bill	\$4,313

Potential assessment outcome

Example with
60 cent tax rate



FY2020	Low	Mid	High
Home Value	\$644,200	\$702,050	\$784,100
Change in Value	28.84%	40.41%	56.82%
Value of Vehicles	\$23,944	\$23,944	\$23,944
County Tax Bill	\$4,009	\$4,356	\$4,848
Change in Tax Bill/month	(\$25.33) or (7.1%)	\$3.58 or (1%)	\$44.58 or 12.4%



Key Points

- New construction spreads the tax burden across the tax base
- The property tax rate will be calculated based on the entire tax base and the cost of providing essential county services
- Other revenues including sales tax are also used to pay for essential county services
- Revenue neutral tax rate does not equate to having no change to the individual tax bill

