

# TAXE\$ TAXE\$ TAXE\$

Dedicated to helping you better understand your government

## This week's topic: **“How are my taxes figured”?**

Property taxes are one of the ways that towns, counties, and schools fund all of their programs, staff, supplies, etc. **It is important to know that none of the money collected from property taxes goes to fund state budgets; it all stays here locally.** The taxes you owe are determined by a simple math formula.

$$\text{(Assessment – Exemptions) x (tax Rate) = Tax dollars you owe}$$

The formula may look simple, but the pieces can be confusing. We all know it is the assessor who determines your assessment based on what your property is worth if it were to sell on the open market. The **BIG** variable: **TAX RATE**

The tax rate comes from dividing up the total amount of money it costs to run the county, town, and school amongst those that live there. This can change every year whether a reval is done or not! Let's look at an example:

If the town required \$1,000,000 to operate, and the combined assessments of all properties in the town total \$50,000, then the tax rate would be  $\$1,000,000/\$50,000 = \$20$  per thousand dollars of assessment. **So ..... A \$100,000 house (assessed value) /1,000 x \$20 (tax rate) = \$2,000 ( tax amount)**