Mill rate v. tax levy dollars

Capital Improvement Plan Committee 08-18-2023

Mill rates

- The mill rate is essentially the property tax rate per $1,000 of assessed value.
- The formula for calculation is fairly simple

  Total Levy / Equalized Value (TID out) * 1,000 = Mill Rate

- If the numerator (total levy) increases by a smaller percentage than the denominator (equalized value) the math indicates the result (mill rate) will decrease.
- Numerator - Allowed Net New Construction (preliminary number as of 7/27/2023) – 1.99%
- Denominator – Equalized value increase (preliminary number as of 7/26/2023) – 13.66%
- *Note: Debt levy values are estimated. Debt Issue 2023A is in progress.*

Description	Adopted 2023	Projected 2024	Increase (Decrease) Dollar	Increase (Decrease) Percent
Operational Levy	$ 6,532,620	$ 6,689,134	$ 156,514	2.40%
Debt Levy	$ 3,978,674	$ 4,400,000	$ 421,326	10.59%
Total Levy	$ 10,511,294	$ 11,089,134	$ 577,840	5.50%
Equalized Value (TID out)	$ 1,499,453,200	$ 1,704,238,900	$ 204,785,700	13.66%
Mill Rate	$ 7.0101	$ 6.5068	$ (0.5033)	-7.18%
Effect on $100,000 property	$ 701.01	$ 650.68	$ (50.33)	-7.18%

Mill rate versus tax levy dollars

The devil is in the details….

- Scenario #1 – Everyone's assessment went up 12% and the tax levy amount increased by 2%.
  - The mill rate decreased but your city property tax bill will increase by 2%.
- Scenario #2 – In our city of ten houses another two houses were constructed with all houses assessed at the same value because we really liked the model shown to us.
  - Now instead of paying 1/10th of the total city tax levy everyone pays 1/12th of the total city tax levy.
- Scenario #3 – Stacey down the street added an outdoor pool in the prior year and her assessment went up.
  - The mill rate for everyone decreased slightly because of the increased assessed values but Stacey's city tax bill will be higher than the other eleven houses because her shared of the total assessed value increased.
- Scenario #4 – Our neighboring community of Gooberville has always assessed their property well below market value but recently got a shame-shame letter from the Department of Revenue. Their total assessed value increased by 82% but our city only went up 14%.
  - The math starts to get ugly here. How much did the tax levy amount for the school district, technical college and county increase? What was the increase in mill rate for each of those taxing districts?
  - My head hurts now…..let's do that math some other day……perhaps the second Wednesday of next week……