

Property Taxes 101

Presentation to C.O.W. 2/20/08 by
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Source: Montana Department of
Revenue and the City of Missoula

Understanding Property Taxes

- Property taxes are part of a balanced revenue system.
- Property is appraised (valued) and taxed so that you and other property owners can support, in proportion to the value of your property, school systems and local government services.

Who "Values" my Property?

- The State of Montana, through the Department of Revenue, is responsible for valuing all taxable real and personal property.
- State guidelines are followed to ensure that property is appraised in a fair and equitable manner.

Understanding Property Taxes

- The property tax process begins with an appraisal of your property.
- State law requires the Department of Revenue to reappraise property periodically.
- The most recent appraisal was 12/31/02 – to be used in tax year 2003.
- The next appraisal will be complete 12/31/08 – to be used in tax year 2009.

How is my tax assessment calculated?

- The amount of property tax that you pay is not determined solely by your property's value.
- Your property's value is multiplied by a tax rate, set by the MT Legislature, to determine its taxable value.
- The taxable value is then multiplied by the mill levy of the taxing jurisdiction to get the tax assessment.

What is....

- ◉ **Market Value** – the most probable price a property would bring in the open market.
- ◉ **Taxable Market Value (TMV)** – a value determined by the State appraisal process.
- ◉ **Taxable Value (TV)** – the value of your property used to determine taxes.

Basic Formula:

- Taxable Market Value X Tax Rate = Taxable Value
- Taxable Value x Mill Levy = Property Tax

2003 Legislation provided some tax relief in these ways:

- For properties that realized an increase in value due to reappraisal in 2002, 16.66% of the increased difference is phased in for 5 years until the property is at its full 2003 reappraisal value for tax year 2008.
- For properties that realized a decrease in value due to the 2002 reappraisal, the value was set at the lower value.

2003 Legislation provided some tax relief in these ways:

- All residential properties received a 31% exemption for tax year 2003. This homestead exemption incrementally increases to 34% for tax year 2008. The residential exemption is 33.2% for 2007 and 34% for 2008 and succeeding years.

TMV vs. TV

- After your property has been adjusted for the phase-in and the residential exemption, that figure is identified as your **TAXABLE MARKET VALUE (TMV)**.
- The TMV is multiplied by the tax rate, set by the MT Legislature, to determine your **TAXABLE VALUE**.

Here's a Residential
Property Tax Example:

2007 REAL Property Tax Statement

Missoula County Treasurer

200 West Broadway

Missoula, MT 59802

10/17/07

ADDRESS SERVICE REQUESTED

Tax Payer	Property Description
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School Dist 1-6 CITY

Taxable 4,410

Tax Description	1st Half	2nd Half	Total Tax	Tax Breakdown	Levy
LAND	274.33	274.32	548.65	STATE SCHOOL LEVY 19.57 %	\$635.22 144.040
BLDS & IMPROVEMENTS	1,315.39	1,315.39	2,630.78	DISTRICT SCHOOL LEVY 30.23 %	\$981.22 222.500
RID 913 - LINDA VISTA PA	25.00	25.00	50.00	STATE LEVY - UNIVERSI 0.82 %	\$26.46 6.000
WATER QUALITY DISTRICT	9.90	0.00	9.90		
MSLA CONSERVATION DISTRI	3.11	3.11	6.22	Total School	50.62 % \$1,642.90 372.540
				County	
1st Half Due (11/30/07)	1,627.73			GENERAL 5.28 %	\$171.35 38.850
2nd Half Due (05/31/08)		1,617.82		POOR 0.69 %	\$22.49 5.100
Total Bill			3,245.55	BRIDGE 0.65 %	\$20.99 4.760
****IMPORTANT NOTICE****				WEED CONTROL 0.32 %	\$10.32 2.340
Tax Paid receipts will be mailed out if a stamped, self-addressed envelope is enclosed.				COMMUNITY DAYCARE 0.04 %	\$1.46 0.330
SECOND HALF NOTICES ARE NOT MAILED OUT.				FAIR 0.05 %	\$1.54 0.350
NEW ONLINE PAYMENTS ARE NOW AVAILABLE IF PAYING BY CREDIT CARD. Please see coupon at bottom of page for payment options.				DISTRICT COURT 0.41 %	\$13.36 3.030
PROPERTY VALUATION STAFF MAY VISIT YOUR PROPERTY TO CONDUCT AN ON-SITE REVIEW FOR PROPERTY TAX PURPOSES. YOU OR YOUR AGENT MAY WANT TO BE PRESENT. IF YOU WISH TO MAKE AN APPOINTMENT, CONTACT THE LOCAL DEPT. OF REVENUE OFFICE AT (406)329-1400 (HB-188)				PARKS & RECREATION 0.16 %	\$5.16 1.170
				LIBRARY 1.61 %	\$52.17 11.830
				PLANNING 0.45 %	\$14.51 3.290
				MENTAL HEALTH 0.08 %	\$2.47 0.560
				AGING 0.43 %	\$14.11 3.200
				EXTENSION SERVICE 0.23 %	\$7.50 1.700
				PUBLIC SAFETY FUND 5.51 %	\$178.96 40.580
				MUSEUM 0.30 %	\$9.83 2.230
				PERMISSIVE MEDICAL LE 0.59 %	\$19.05 4.320
				SEARCH/RESCUE 0.06 %	\$2.07 0.470
				JAIL BOND DEBT SERVIC 0.85 %	\$27.47 6.230
				RISK MANAGEMENT BONDS 0.09 %	\$3.04 0.690
				TECHNOLOGY FUND 0.35 %	\$11.20 2.540
				PROPERTY & LIABILITY 0.36 %	\$11.55 2.620
				Total County	18.51 % \$600.60 136.190
				City	
				CITY OF MISSOULA 28.84 %	\$935.93 212.230
				Total City	28.84 % \$935.93 212.230
				Other	
				WATER QUALITY DISTRIC 0.31 %	\$9.90
				MSLA CONSERVATION 0.19 %	\$6.22
				LINDA VISTA PARK #5 1.54 %	\$50.00
				Total Other	2.04 % \$66.12 0.000
Total Bill				100.00 %	\$3,245.55 720.960

2003 Reappraisal:

220,153	2003 Full Reappraisal Value
189,546	minus 2002 Value Before Reappraisal
30,607	Equals Increase From Appraisal

Increase from Appraisal is Phase-In Amount

30,607	Increase from appraisal
<u>0.833</u>	multiplied by 16.66% Phase-in of Increase (.1666 1st year, .3333 2nd year, .8333 5th year)
25,496	Amount Phased-in This Tax Year

2007 Phased-In Value

25,496	Amount Phased-in This Tax Year
<u>189,546</u>	plus 2002 Value Before Reappraisal
215,042	equals 2007 Phased-in Value

Take the Homestead Exemption to get the Taxable Market Value:

215,042	equals 2007 Phased-in Value
<u>0.668</u>	multiplied by the 2007 Homestead Exemption (33.2% reduction)
143,648	equals 2007 Taxable Market Value

Translate the TMV to Taxable Value:

143,648	2007 Taxable Market Value
<u>0.0307</u>	multiplied times the Current Year Tax Rate – Set by the Legislature
4,410	equals the Taxable Value

Times the Mills:

4,410	Taxable Value
<u>0.21223</u>	multiplied by the Mill Levy for the Jurisdiction (The City of Missoula in this case)
\$935.93	equals Property Tax

How does that translate into what the City levied?

- The City levied 212.23 Mills:
 - 162.4 Mills to support the General Fund
 - 32.16 Mills to support the Health Insurance Fund
 - 17.93 Mills to support Debt Service

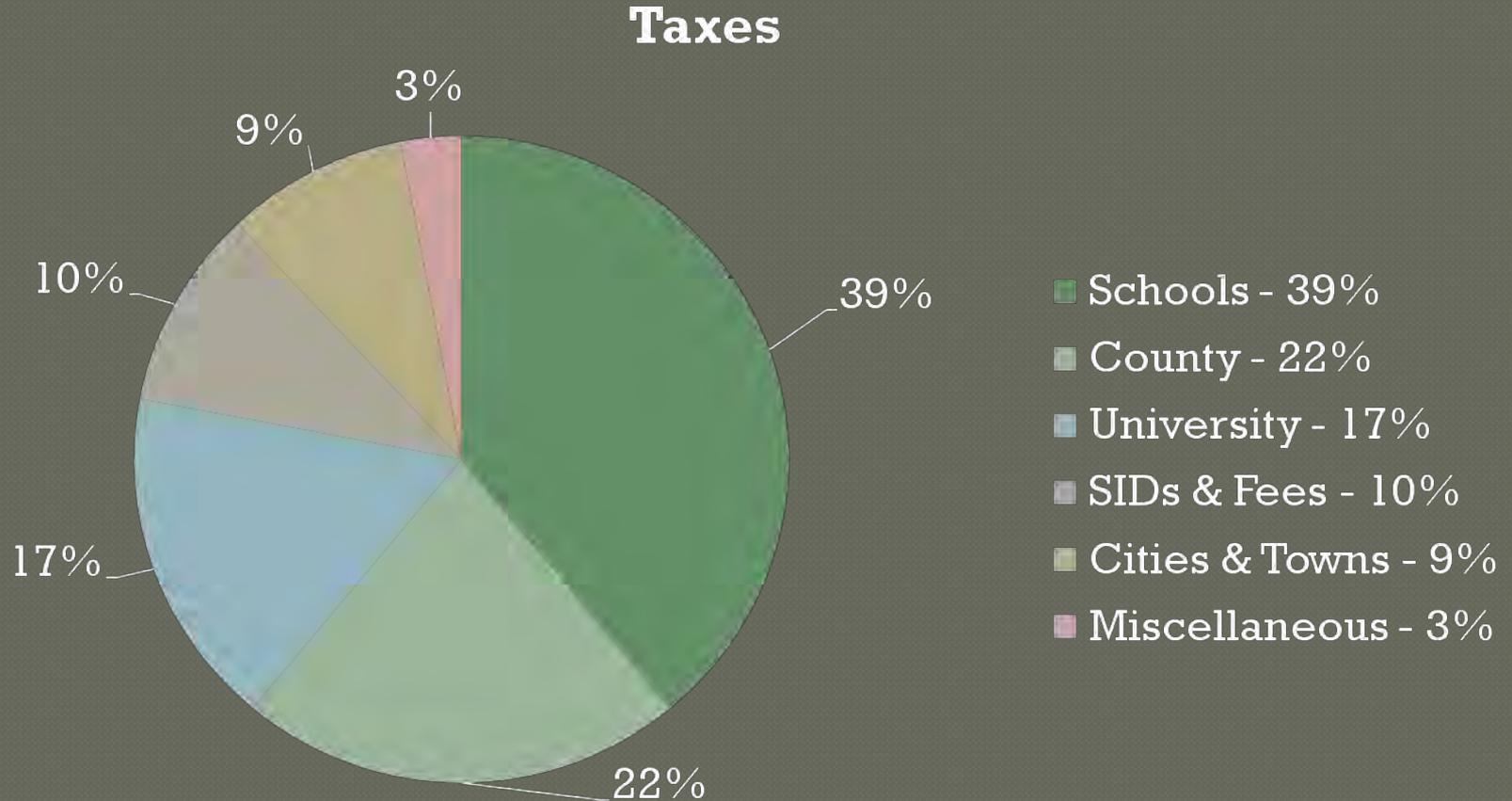
How does that translate into Dollars?

- \$715.04 of the tax bill supports the General Fund
- \$141.83 of the tax bill supports the Health Insurance Fund
- \$79.07 of the tax bill support Debt Service
 - 1998 Public Safety GO Bond
 - 2004 Aquatics GO Bond
 - 2004 Refunding GO Bond (93&94 Fire Stations/Equip)
 - 2006 Fire Station GO Bond
 - 2007 Refunding GO Bond (96&97 Open Space/98 Public Safety)
 - **NOT** SID's or Special Improvement Districts

Breakdown my General Fund Contribution into Services please...

Department	Mills	Percent	Dollar
CITY COUNCIL	1.13	0.16%	\$ 4.97
MAYOR	2.25	0.31%	\$ 9.91
PERSONNEL	1.67	0.23%	\$ 7.36
MUNICIPAL COURT	(0.41)	-0.06%	\$ (1.81)
FINANCE	(1.18)	-0.16%	\$ (5.20)
CITY CLERK	1.81	0.25%	\$ 8.00
INFORMATION SERVICES	3.03	0.42%	\$ 13.36
CITY ATTORNEY	2.73	0.38%	\$ 12.03
ENGINEERING	4.86	0.67%	\$ 21.45
STREET DIVISION	5.99	0.83%	\$ 26.42
VEHICLE MAINTENANCE	4.80	0.67%	\$ 21.18
POLICE DEPARTMENT	41.72	5.79%	\$ 184.00
FIRE DEPARTMENT	38.69	5.37%	\$ 170.62
CEMETERY	2.79	0.39%	\$ 12.29
PARKS DEPARTMENT	14.56	2.02%	\$ 64.22
NON-DEPARTMENTAL	29.51	4.09%	\$ 130.13
YEAR END RESERVE	8.19	1.14%	\$ 36.12
TOTAL	162.14		\$ 715.04

In General Your Property Taxes go to....



Of the Total County property tax payers,
what percent are also City tax payers?

City Taxable Value is \$103,000,436

Divided by

County Taxable Value of \$188,407,820

Equals 54.67 %