

How are my taxes figured?

Property taxes are one of the ways that towns, schools and counties fund 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 mathematical formula.

$$(\text{Assessment}-\text{Exemptions})\times(\text{Tax Rate}) = \text{Tax dollars you owe}$$

The formula may look simple, but the pieces can be confusing. We all know it is the assessor who determines the assessment based on what your property is worth if it was to sell. Some exemptions are put into place by the state; the STAR program for example.

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 revaluation is done or not. Let's look at an example. If the town is required \$1,000,000 to operate and the combined assessments of all homes 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 with a \$30,000 STAR exemption would pay:**

$$\begin{aligned} \$100,000(\text{assessment})-\$30,000(\text{Star}) &= \$70,000 \text{ (taxable value)} \\ \$70 \text{ (adjusted property value/1000)}\times\$20 &= \$1,400(\text{school tax}) \end{aligned}$$

Aren't we all glad that our school tax rate is not \$20/1000!!