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Dedicated to helping you better understand your government

<u>This week's topic:</u> **"Please don't raise my assessment – I don't want to pay more"!**

Previously, you learned that your taxes are a result of your assessment and the tax rate. If either one of those things increases, you would think that the amount of taxes you have to pay would too. That is true, **UNLESS as one of them goes up, the other goes down!**

During a revaluation project, when all properties are adjusted for increases and decreases in value, the usual outcome is an increase in the total combined property values of the town. This results in more property values to tax. According to the formula from last week, (the tax rate is determined by taking the total amount of money needed to run government and dividing it by the total assessed values of the town) the tax rate will go down ***if*** the total property values go up, and the money needed to operate stays the same. Using a previous example will help.

Before Reval: $**100 (property value /1,000) x $20 (tax rate) = $2,000** (taxes ***before*** reval)

After Reval:

- $1,000,000 to operate government stays the same but now, due to the reval, the total combined assessments doubles from 50,000 to 100,000. This makes the tax rate $10 per thousand dollars of assessment. So … The assessment on the house that was previously assessed at $100,000 increases to $120,000 and will now pay: $120,000 (Assessed Value) = $120 (Assessed Value/1000) x $10 (new tax rate) = $**1,200 (taxes owed after reval)**
  In reality, the cost of doing business ALWAYS goes up, that is why taxes increase. A change in your assessment is more of a reaction to the market.