

## To Compute the Value of One Mill

### Formula

Assessed valuation = **X**

**X** / 1000 = value of one mill

### Assumptions

Assessed valuation = \$312,000,000

### Computation

\$312,000,000 / 1000 = \$312,000

In this example #1, one mill for the municipality will generate \$312,000 in taxes.

## To Determine a Mill Rate Increase

For example #2, a municipality is thinking about increasing the General Fund property tax revenue by \$50,000 and was wondering how much the mill rate will be increased by the additional \$50,000. We will be using the same information for the assessed valuation and mill rate as in the first example.

The first step is to determine the value of one mill:

\$312,000,000 / 1000 = \$312,000

In the next step, we will determine the increase:

\$50,000 (increased property tax) / \$312,000 (mill value) = .160 increase to the mill rate

## Impact of a Property Tax Increase on a \$100,000 Home

For the example #3, the municipality wants to determine the impact of the \$50,000 property tax increase on a home valued at \$100,000. We will be using the same information as in examples one and two. Additionally, residential property is assessed at 11.5% of its value (K.S.A. 79-1439(b)(1)(A)).

Amount of Property Tax Increase = \$50,000

Assessed Valuation = \$312,000,000

Residential Property Assessed at 11.5% = .115

The first step is to determine the mill rate:

$\$312,000,000 / 1000 = \$312,000$  (example #1)

$\$50,000 / \$312,000 = .160$  mills (example #2)

The second step is to determine the residential property assessed value:

$\$100,000 \text{ home} \times .115 = \$11,500$  (assessed value)

The last step is to determine the property tax increase:

$\$11,500 \text{ (assessed value)} \times .160 \text{ (mill rate)} / 1000 = \$1.84^{**}$

The increase in property tax for a \$100,000 home will be \$1.84.

**\*\*Note:** This example can be used by a municipality to determine the impact of its proposed tax increase on a \$100,000 home. To do so simply substitute into the formulas in the “first step” (1) the amount of the proposed tax increase, along with (2) the assessed valuation for the municipality. Complete the second and last steps to compute the impact.

To compute the impact of all mills to be levied against a \$100,000 home, simply replace the .160 mill rate used in the last step of the example with the total number of mills from the budget summary page (total number at bottom of “Estimate Tax Rate” column).