<u>Property Tax Calculation Process</u>

Assessed Value:
In January, the County Assessor assesses the value of your property (land, buildings, and dwellings).

Rollback (Assessment Limitation):
Several years ago, property values were rising quickly. To help cushion the impact of high inflation, the Legislature passed an assessment limitation law, also known as rollback.

Increases in assessed values for residential and agricultural property are subject to this assessment limitation formula. If the statewide increase in values of homes and farms exceeds 3%, their values are "rolled back" so that the total increase in value statewide is 3%.

Rollback for residential and agricultural property is allowed to fluctuate within the 3% limitation. This does not mean that the assessment of your home will increase by only 3%. The rollback is applied to a property class, not an individual property. This means that the statewide total taxable value can only increase by 3% due to revaluation.

Taxable Value:
The taxable value is the assessed value multiplied by the rollback percentage.
Example: $100,000 home (assessed value) x .541302 (2021 residential rollback) = $54,130 taxable value

(Total) Tax Rate:
This is the combination of the tax rates of all the taxing authorities within your taxing district (School, City, County, College, State, etc.)

Gross taxes:
The gross taxes are the taxable value of your property multiplied by your total tax rate.
Example: $54,130 (taxable value) x .04184081 (2021 total tax rate) = $2,265 gross taxes

Net Taxes:
Any credits are subtracted from your gross taxes to calculate your net taxes. This amount is rounded to the nearest dollar and will be due in two installments (September and March).
Example: $2,265 (gross taxes) - $202.93 (2021 Homestead Credit amount Marshalltown City) = $2,062 net taxes ($1,031 in September and $1,031 in March)

These variables have the ability to increase or decrease your property taxes:

- The combined budgets of all taxing authorities
- The total value of the entire parcel
- The taxable value of your property

Your taxes can <u>INCREASE</u> if…

- Your total tax rate increases due to increased budgets between taxing authorities <u>**and**</u> the value of your property remains the same
- The rollback and the total tax rate stay the same but the taxable value of the property increases
- The total tax rate and the taxable value of the property remain the same but the rollback decreases

Your taxes can DECREASE if...

- The total tax rate decreases and the taxable values of all properties remain the same
- The total tax rate and rollback remain the same but the taxable value of the property decreases
- The total tax rate and taxable value of the property remain the same but the rollback increases

Examples of Property Tax Changes by Year (Agriculture Parcel):

2018 Assessed Value: $325,880

Multiply by rollback x .561324

Taxable Value: $182,924

Subtract Exemptions Here if Applicable

Multiply by total tax rate x .02334420

Gross Taxes: $4,270

Subtract Credits Here if Applicable

Annual Net Taxes: $4,270 ($2,135 in September and $2,135 in March)

Note:
Exemptions are subtracted from your **Taxable Value** and **Credits** are subtracted from your **Gross Taxes.**

2019 Assessed Value: $262,140

Multiply by rollback x .814832

Taxable Value: $213,600

Subtract Exemptions Here if Applicable

Multiply by total tax rate x .02408471

Gross Taxes: $5,144

Subtract Credits Here if Applicable

Annual Net Taxes: $5,144 ($2,572 in September and $2,572 in March)

This shows that even though the **assessed value decreased** between the two years, the **taxes increased** due to the changes in the rollback and total tax rate.

If you have any questions or would like us to show you how your property taxes are calculated, please contact:

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