How to Compute the Value of One Mill, and the Impact of Tax Dollars and Assessed Valuation on Mill Rates

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To Compute the Value of One Mill

Example #1 and Formula

This example allows you to compute a mill rate. Simply input in the green area the total assessed valuation for your municipality.

Formula:

Assessed valuation = X
X / 1000 = value of one mill

Computation of Example: $312,000,000 (assessed valuation) / 1000 = $312,000 (value of 1 mill)

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

Input the assessed valuation: = $312,000,000

              $312,000,000 /   1000   = $312,000.00

Formula:				
$312,000,000 (assessed valuation)	/	1000	=	$312,000.00 (value of 1 mill)

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To Determine a Mill Rate Increase

Example #2 and Formula

Example #2 allows you to compute the impact on mill rate by a specific dollar amount of property tax. This example might be useful at a budget hearing when the governing body is making small adjustments to one or more property tax funds and would like to know the impact of those changes on the total mill rate. As with the first example, input the municipality's total assessed valuation in the first green box, and with the second green box input the amount of property tax dollars under consideration.

Computation of Example:

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

$312,000,000   /   1000   = $312,000.00

In the **next step**, we will determine the increase:

$50,000 (increased property tax) / $312,000 (mill value) = 0.160 increase to the mill rate

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Formula:

$312,000,000 _____ (asd. val.) /   1000   = $312,000.00 _____ (value of 1 mill)

$50,000 ____ (property tax)   / $312,000.00 ____ (mill value)   =   0.160
(mill rate increase)

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

Example #3a and Formula

Example #3a allows you to quickly compute the standard "impact of a property tax increase on a $100,000 home" (or any other residential property value, for that matter). Using the same information as in example #2, the additional piece of information to input in this example is a residential property value. Additionally, residential property is assessed at 11.5% of its value (K.S.A. 79-1439(b)(1)(A)).

Computation of Example:

The **first step** is to determine the mill rate:
$312,000,000 / 1000 = $312,000 (example #1)
$50,000 / $312,000 = 0.160 mills (example #2)

The **second step** is to determine the residential property assessed value:
$100,000 home x .115 = $11,500 (assessed value)

The **last step** is to determine the property tax increase:
$11,500 (assessed value) x 0.160 (mill rate) / 1000 = $1.84
The increase in property tax for a $100,000 home will be $1.84

Formula:						
First Step:	(assessed valuation) $312,000,000	/	1000	=	$312,000.00 (value of 1 mill)	
Second Step:	(increased prop. tax) $50,000	/	(value of 1 mill) $312,000.00	=	0.160	(increase in mill rate)
Third Step:	(value of the home) $100,000	x	0.115	=	$11,500.00 (assessed value)	
Result:	(assessed value) $11,500.00	x	(increase in mill rate) 0.160	/	1000 =	(increased tax) $1.84

Impact of a Property Tax Increase on Unimproved Ag Land

Example #3b and Formula

Example #3b uses the same computation as example #3a, except in this case we are computing the impact of property taxes on unimproved agricultural land. Unimproved agricultural land is assessed at 30% pursuant to K.S.A. 79-1439(b)(1)(B)).

Formula:									
	(assessed valuation)								
First Step:	$312,000,000	/	1000		=	$312,000.00	(value of 1 mill)		
	(increased prop. tax)		(value of 1 mill)						
Second Step:	$50,000	/	$312,000		=	0.160	(increase in mill rate)		
	(value of the property)								
Third Step:	$2,500,000	x	0.300		=	$750,000.00	(assessed value)		
	(assessed value)		(increase in mill rate)				(increased tax)		
Result:	$750,000.00	x	0.160	/	1000	=	$120.19		

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Impact of a Property Tax Increase on Commercial, Industrial, Railroad, and Improved Ag Land

Example #3c and Formula

Example #3c uses the same computation as examples #3a and #3b, except in this case we are computing the impact of property taxes on commercial, industrial, railroad, and improved agricultural land. The foregoing categories of land are assessed at 25% pursuant to K.S.A. 79-1439(b)(1)(F)).

Formula:									
	(assessed valuation)								
First Step:	$312,000,000	/	1000		=	$312,000.00	(value of 1 mill)		
	(increased prop. tax)		(value of 1 mill)						
Second Step:	$50,000	/	$312,000.00		=	0.160	(increase in mill rate)		
	(value of the property)								
Third Step:	$2,500,000	x	0.250		=	$625,000.00	(assessed value)		
	(assessed value)		(increase in mill rate)				(increased tax)		
Result:	$625,000.00	x	0.160	/	1000	=	$100.16		

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Impact of Total Mills on an Individual Home

Example #4 and Formula

To compute the impact of all mills to be levied against a specific home valuation, simply key in the "value of the home" green area with the home valuation, and the total mill rate in the "total mill rate" green area (number at bottom of 'Estimate Tax Rate' column on the budget summary page). Remember, a computation using the above described information does not take into account taxes that may be levied by other municipalities.

Formula:							
	(value of the home)		(residential %)		(assessed value)		
First Step:	$100,000	x	0.115	=	$11,500.00		

	(assessed value)		(total mill rate)				(impact)
Second Step:	$11,500.00	x	52.869	/	1000	=	$607.99

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How to Achieve the Same Mill Rate as the Year Before

Example #5 and Formula

Maybe your governing body wants the budget to have the same mill rate as the year before. This is not an unusual goal of municipality governing bodies. To do so simply key in the desired mill rate in the first green box, the preliminary total assessed valuation in the second green box, and hit "enter." The result will be the amount in dollars that you must levy (total of all tax levy funds) in your proposed budget.

Formula:							
	(desired mill rate)		(total assd. valuation)				(total taxes levied)
	52.869	x	$312,000,000	/	1000	=	$16,495,128.00