Calculating Mills and Taxes

Calculating Mills/Taxes

$$Mills = \left(\frac{Budget}{Taxable\ Value}\right) \times 1{,}000$$

$$Mills = \frac{Budget}{Taxable\ Value\ per\ Mill}$$

$$Mills = \frac{Budget}{\left(\frac{Taxable\ Value}{1{,}000}\right)}$$

$$Mills = Budget \times \left(\frac{1{,}000}{Taxable\ Value}\right) = \left(\frac{Budget}{Taxable\ Value}\right) \times 1{,}000$$

Calculating Mills/Taxes

$$Mills = \left(\frac{Budget}{Taxable\ Value}\right) \times 1{,}000$$

$$Taxes = (Taxable\ Value) \times (Mills) \div 1{,}000$$

$$Taxes = (\cancel{Taxable\ Value})\left(\left(\frac{Budget}{\cancel{Taxable\ Value}}\right) \times \cancel{1{,}000} \div \cancel{1{,}000}\right)$$

$$Taxes = Budget$$

Example:

Budget=$20 Million

Taxable Value=$100 Million

$$Mills = \frac{\$20{,}000{,}000}{\$100{,}000{,}0000} \times 1{,}000$$

$$Mills = 200$$

Example:

Budget=$20 Million

Taxable Value=$100 Million

Mills = 200

$$Taxes = \$100{,}000{,}000 \times (200 \div 1{,}000)$$

$$Taxes = \$20{,}000{,}000$$

15-10-420, MCA Maximum Mills

15-10-420. Procedure for calculating levy. (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years….

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15-10-420, MCA Maximum Mills

$$Max\ Mills = \left(\frac{(Prior\ Year's\ Taxes) \times \left(1 + \frac{Avg.Inflation}{2}\right)}{(Current\ Year\ Taxable\ Value - Newly\ Taxable\ Value)} \right) \times 1{,}000$$

Example 1:

Prior Year Taxes = $20 Million

Prior Year Taxable Value = $100 Million

Current Year Taxable Value = $110 Million

Newly Taxable = $5 Million

Inflation = 3% per year

$$Max\ Mills = \left(\frac{(Prior\ Year's\ Taxes) \times \left(1 + \frac{Avg.\ Inflation}{2}\right)}{(Current\ Year\ Taxable\ - Newly\ Taxable)} \right) \times 1{,}000$$

$$Max\ Mills = \left(\frac{(\$20{,}000{,}000) \times \left(1 + \frac{3\%}{2}\right)}{(\$110{,}000{,}000\ - \$5{,}000{,}000)} \right) \times 1{,}000$$

$$Max\ Mills = \left(\frac{(\$20{,}300{,}000)}{(\$105{,}000{,}000\ )} \right) \times 1{,}000$$

$$Max\ Mills = 193.33$$

Example 1:

Prior Year Taxes = $20 Million

Prior Year Taxable Value = $100 Million

Current Year Taxable Value = $110 Million

Newly Taxable = $5 Million

Inflation = 3% per year

$$Max\ Mills = 193.33$$

$$Taxes = (Taxable\ Value) \times 193.33 \div 1{,}000$$

$$Taxes = (\$110{,}000{,}000) \times 193.33 \div 1{,}000$$

$$Taxes = \$21{,}266{,}300$$

$$Percent\ Change = 6.33\%$$

Example 2:

Prior Year Taxes = $20 Million

Prior Year Taxable Value = $100 Million

Current Year Taxable Value = $90 Million

Newly Taxable = $5 Million

Inflation = 3% per year

$$Max\ Mills = \left(\frac{(\$20{,}000{,}000) \times \left(1 + \frac{3\%}{2}\right)}{(\$90{,}000{,}000\ - \$5{,}000{,}000)} \right) \times 1{,}000$$

$$Max\ Mills = \left(\frac{(\$20{,}300{,}000)}{(\$85{,}000{,}000)} \right) \times 1{,}000$$

$$Max\ Mills = 238.82$$

Example 2:

Prior Year Taxes = $20 Million

Prior Year Taxable Value = $100 Million

Current Year Taxable Value = $90 Million

Newly Taxable = $5 Million

Inflation = 3% per year

$$Max\ Mills = 238.82$$

$$Taxes = (Taxable\ Value) \times 238.82 \div 1{,}000$$

$$Taxes = (\$90{,}000{,}000) \times 238.82 \div 1{,}000$$

$$Taxes = \$21{,}493{,}800$$

$$Percent\ Change = 7.47\%$$

Example 3:

Prior Year Taxes = $20 Million

Prior Year Taxable Value = $100 Million

Current Year Taxable Value = $90 Million

Newly Taxable = $0 Million (No Change)

Inflation = 3% per year

$$Max\ Mills = \left(\frac{(\$20{,}300{,}000)}{(\$90{,}000{,}000)}\right) = 225.56$$

$$Taxes = (\$90{,}000{,}000) \times 225.56 \div 1{,}000$$

$$Taxes = \$20{,}300{,}000$$

$$Percent\ Change = 1.5\%$$

15-10-420, MCA Maximum Mills-Net & Gross Proceeds

$$Max\ Mills = \left(\frac{(Prior\ Year's\ Taxes) \times \left(1 + \frac{Avg.Inflation}{2}\right)}{(Current\ Year\ Taxable\ Value - Newly\ Taxable\ Value)} \right) \times 1{,}000$$

$$Max\ Mills = \left(\frac{\left(Prior\ Year's\ Taxes - \left(\boldsymbol{Prior\ Year's\ Class\ 1\&2\ Taxable\ Value} \times \frac{\boldsymbol{Prior\ Year's\ Mills}}{\boldsymbol{1{,}000}}\right)\right) \times \left(1 + \frac{Avg.Inflation}{2}\right)}{(Current\ Year\ Taxable\ Value - \boldsymbol{Current\ Taxable\ Value\ of\ Class\ 1\&2} - Newly\ Taxable\ Value)} \right) \times 1{,}000$$

Questions ???