The Process of Taxation

The property taxes you pay fund services provided by the combination of taxing entities within the tax district you reside. Property taxes are also known as *real estate taxes* and *ad valorem taxes.*

Your tax is calculated based on the amount of money budgeted by each taxing entity and the valuation of your property.

DEFINITIONS

Appraised Value – The Fair Market Value of your home as determined by the County Appraiser.

Assessed Value - The amount of your *appraise value* on which you pay tax.

Mill - One thousandth of the total property valuation within a taxing district.

Mill Levy- The total number of mills required to generate the budgeted funds of a taxing entity. For each mill levied, you pay $1 in tax for each $1,000 of assessed value of your property.

Taxing Entity – A political body authorized to levy taxes for the purposes of operating government: e.g. City, County, School District, Fire District, Cemetery District, Hospital District, etc.

PROPERTY VALUATION

There are two terms associated with property valuation: *appraised value* and *assessed value.*

The *appraised value* is the fair market value of your property as determined by the County Appraiser. You do not pay taxes on this total amount but rather, you pay taxes on a portion of that property value. This *portion* is called the *assessed value.* The assessed value is a percentage of the Appraised value. the percentage is determined by the property class.

For properties classed as residential, you pay taxes on 11.5% of the appraised property value. If you take the *appraised value* and multiply it by 11.5% (.115), you can determine the *assessed value.*

This multiplier is different for different property classes. Vacant lots are assessed at 12%, commercial property is assessed at 25%. The chart below shows the different property classes and the multiplier that determines the *assessed value.*

Property Class
11.5%-Residential: includes homes, apartments, and condominiums
12.0%-Vancant Lots: vacant land with no improvements
12.0%-NFP: real property owned and operated by not-for-profit organizations
25.0%-Commercial: real property used for commercial or industrial purposes
25.0%-Ag Imprv: improvements on land devoted to agricultural use
30.0%-Ag Land: land devoted to agricultural use
30.0%-Other NEC: all other real property not elsewhere classified

MILL LEVY

The tax rate, as it is often referred to, is called the *mill levy.* For *each m*ill" of the mill levy, you will pay one dollar for *each* $1,000 of *assessed* property valuation. How is the "mill levy " determined?

Each year, the value of all properties combined within a taxing district (City, County, School, and State) is totaled. The valuation will be different for each district because the size and geographical boundaries of each district varies and therefore the amount of property within that district varies. Also, the taxing entities within each district may vary. The total valuation is divided by 1,000, the result which determines how much money one "mill" will generate (the value of a mill).

For example, if the total property valuation in a taxing district is $100,000,000 ($100 million). Dividing this figure by 1,000 means that one "mill" will generate $100,000 in tax revenues (the *value of a mill* is $100,000). This *value of a mill* changes from year to year as property valuations change. Property valuations change due to appraisals, tax exemptions granted by taxing entities, property that is demolished, property types that change, new houses built, etc.

Residents within the City of Salina are taxed by the State of Kansas, Saline County, City of Salina, U.S.D. 305, Salina Public Library, Salina Airport Authority and Central Kansas Extension District #3. When the annual budgets for these taxing entities are established, the County Clerk determines how many "mills" will have to be levied in order to generate those funds. This is accomplished by dividing the established budget by the *value of a mill*. An easy example would be if the budgets total $3,000,000 (three million), the *mill levy* (the number of mills required to generate the budget) would be "30" ($3,000,000 divided by $100,000 equals 30). If the budgets were to be set at $8,000,000, the mill levy would be 80 ($8,000,000 divided by $100,000 equals 30).

CALCULATING YOUR TAXES

The formula for calculating your taxes is "Assessed Value X Mill Levy / 1,000". Multiply your *appraised value* times the multiplier factor for the property type. This will give you the assessed value. Take the *assessed value* and multiply it by the *mill levy*, and then divide the results by 1,000.

Your *assessed value* will remain the same for all taxing entities; however the *mill levy* will be different depending on the established budgets.

Let's figure an example.

1. **In 2005, the total property valuation for property within the City of Salina was $352,823,785. Dividing this figure by 1,000 determined that *one mill* would generate $352,823.79 in property tax money.**

2. **Using the 2005 valuation and mill levy, the taxing entities within the City of Salina set a property tax budget of $41,887,240.35. The *value of a mill* (we determined earlier) was $352,823.79. By dividing $41,887,240.35 by $352,823.79, we have determined that it will take 118.720 mills to generate the budget.**

3. **Your home has an appraised value of $50,000. The *assessed value* is 11.5% of that or $5,750.**

4. **Using the formula for figuring your taxes, "Assessed Value X Mil Levy/1,000", we compute $5,750 X 118.720/1,000. If you owned a $50,000 home in 2005, your taxes would have been $682.64.**

HOW DOES THE APPRAISED VALUATION OF YOUR PROPERTY AFFECT YOUR TAXES?

Let's figure another example, we will *double* the property valuation but leave the budget figure the same.

1. **If the total property valuation is doubled to $705,647,570.00. Dividing this figure by 1,000 determines that the *value of the mill* now generates $705,647.57 in property tax money.**

2. **The property tax budgets remain the same at $41,887,240.35. The *value of a mill* if valuation is doubled is $705,647.57. By dividing $41,887,240.35 by $705,647.57, the mill levy becomes 59.360.**

3. **Your home's appraised value has doubled to $100,000. The *assessed value* is 11.5% of that or $11,500.000.**

4. **Using the formula for figuring your taxes, "Assessed Value X Mill Levy/1,000. Your taxes are still $682.64.**

Now let's figure an example decreasing the valuation by 50% and leaving the budget figures the same:

1. **If the total property valuation is reduced by 50% from $352,823,785 to $176,411,892.50. Dividing this figure by 1,000 determines that the *value of the mill* now generates $176,411.89 in property tax money.**

2. **The property tax budgets remain the same at $41,887,240.35. The *value of a mill* with a decreased valuation is $176,411.89. By dividing $41,887,240.35 by $176,411.89, the mill levy becomes 237.440.**

3. **Your home's appraised value has decreased from $50,000 to $25,000. The *assessed value* is 11.5% of that or $2,875.00.**

4. **Using the formula for figuring your taxes, "Assessed Value X Mill Levy/1,000. Your taxes are still $682.64.**

Why didn't your taxes change in these two examples? *Because the budget remained the same*

What happens if both the valuation and the budget figures change? Without going through all the details, here is the summary information:

Valuation	Budget	Mill Levy	Property Tax based on $50,000 appraised value
$352,823,785.00	$41,887,240.35	118.720	$682.64
Increase 25% to $441,029,731.25	Decrease 25% to $31,415,430.26	71.232	Value = $62,500 tax = $511.98
Decrease 25% to $264,617,838.75	Increase 25% to $52,359,050.44	197.867	Value = $37,500 tax = $853.30
Stays the same at $352,823,785.00	Increase 10% to 46,075,964.39	130.59	Value = $50,000 tax = $750.90

Decrease 75% to $88,205,946.25	Increase 10% to $46,075,964.39	522.368	Value = $12,500 tax = $750.90
Increase 50% to $529,235,677.50	Decrease 10% to $37,698,516.32	71.232	Value = $75,000 tax = $614.38
Increase 75% to $617,441,623.75	Decrease 10% to $37,698,516.32	61.056	Value = $87,500 tax = $614.38

A Homeowner's Guide to Property Tax in Kansas

Why is property taxed in Kansas? Your property tax dollars are used by government agencies to provide funding for roads, parks, fire protection, police protection, public schools, street lights, safe drinking water, and many other local services.

What does my county appraiser do? By Law, your county appraiser is responsible for listing and valuing property in a uniform and equal manner. The appraiser estimates only the value of your property. The amount of taxes you pay depends on the budgets set in August by taxing entities in your tax district.

How does the county's appraisal affect my taxes? If your property value goes up, it does not necessarily mean you will pay more taxes. Likewise if your property value goes down or does not change, it does not automatically mean you will pay less or the same amount of taxes. Changes in property values do not change the amount of tax dollars needed for local public services.

Will the value of my property change every year? The value of your property may change each year it depends on several things. If you make improvements to your home such as adding a garage, the value may go up. The value may also go up or down because of recent sales in your neighborhood. The county appraiser continually updates sales prices and other information on homes all over the county.

What value is my home appraised at for property tax purpose? Your county appraiser appraises your home at "market value" as it exists the first day of January each year. Market value is the amount of money a well-informed buyer would pay and a well-informed seller would accept for property in an open and competitive market, without any outside influence.

How does my county appraiser determine market value? When valuing your home, the appraiser figures out what the age, quality, location, condition, style and size of your property is. The appraiser then uses one or more of the following three methods to value your property:

1. The Market Approach: sales of similar property are compared to each other. The appraiser then adjusts for differences (for example, one house may have more square footage than another). This method works well for valuing homes.

2. The Cost Approach: age and what it would cost to replace your home are taken into consideration. This approach works well for a new and unique property.

3. The Income Approach: in simple terms, income from rent is used to value property. This method works well for income producing properties (for example, apartment building and malls).

Does the county appraiser visit my property? State law requires the county appraiser to view and inspect the exterior of all the property in the county every six years.

If I bought my house last year, shouldn't the value be the same as what I paid for it a year ago? Not necessarily. One sale by itself does not determine market value. The price you paid for your home is first verified by the county appraiser and then pooled with sales of similar homes. The appraiser uses this information to value your home. Also, market conditions may have changed during the year.

When will I be notified of the value of my property? The "notice of value" on your home should be mailed by March 1st, unless the county appraiser gets an extension from the State of Kansas.

How can I determine if the appraisal of my home is accurate? You can visit the county appraiser's office or the Saline County website to review information on similar sales and verify that the information the appraiser's office has on your property is correct. If a neighbor has a similar house for sale, the sale price may also give you an indication of the value of your house. In addition, real estate professionals can provide information about market conditions.

What can I do if I believe the value of my home is too high? There are two ways to challenge the value of your home:

- You may appeal the "notice of value" of your home by contacting the county appraiser's office by phone or in writing within 30 days of the mailing date of the notice, or

- you may fill out a "payment under protest" form with the county treasurer at the time you pay your taxes. If an escrow or tax service agent pays your property taxes. Then protest no later than January 31st.

You cannot appeal using both methods for the same property in the same tax year. So, If you start to appeal your "notice of value," be sure that you follow through with the appeal. You will not be allowed to "pay under protest" later.

What is the mill levy? The mill levy is the "tax rate" that is applied to the assessed value of your property. One mill is one dollar per $1,000 dollars of assessed value. It consists of local portion which is used to fund area services and a statewide portion which is used to fund public schools. The legislature and Governor reduced the statewide school mill levy from 35 mills in 1996 to 20 mills currently. In addition, the first 20,000 in appraised value of your home is exempt from the statewide school mill levy starting in 2007.

How do I calculate the property taxes on my home? Follow these simple steps:

1. Looking at your notice of value and find the "appraised value" of your home. Multiply the appraised value by the "assessment percentage" of 11.5% (.115) Using $50,000 as an example:

$50,000	X .115 =	$5,750
appraised value		assessed value

2. Multiply the assessed value by your "mill levy" and then divide by 1,000 to estimate the property tax you owe. Contact your county treasurer or visit the county website to find out what your mill levy is.

$5,750	x	118.720	÷ 1.000 =	$682.64
assessed value		mill levy		tax bill

3. Effective for tax year 1999, the first $20,000 in appraised value of your home is exempt from the 20 mill statewide portion of the mill levy. For example, if the appraised value of your home is $20,000 or more the amount your tax bill will be reduced is a follows:

20,000	X	.115	=	2,300	X	20 mill	÷	1,000	=	$46
appraised value		assessment		assessed value		statewide school mill levy				amount of reduction

When are property tax bills sent and when should they be paid? The county treasurer mails tax bills on or before December 15th. All or at least half of the tax is due by December 20th, and the second half is due by May 10th of the following year. If you have a mortgage loan on your property, you will receive a statement with tax information on it. Your tax bill will be sent to the mortgage company or bank, and the tax will be paid out of your escrow with the mortgage company or bank.

EXPLANATION OF THE KANSAS COMPARABLE SALES REPORT

Subject – The property whose value is being estimated.

Comp 1, Comp 2, etc. – Properties which have sold and which are similar to the subject property. The sale prices of these properties will be used to estimate the value of the subject property.

Parcel ID – A unique identifying number assigned to each parcel of real estate by the appraiser's office.

NBHD ID/ NBHD GRP - A neighborhood is an area within which the properties share the same general desirability in the real estate market; a neighborhood group is composed on neighborhoods with the same general characteristics.

Land Use – A code indicating the current use of the property.

111- single family	112-dupex	113-three family unit
114-four family	115-condominium	811-farm home

Grade – A rating reflecting quality of construction. Grades range from AA to E; plus and minus grades are used.

CDU – A rating reflecting the physical condition, utility, and desirability of a property; location is an important element of desirability; CDU ratings range from excellent to unsound/undesirable

First floor area – The square footage (based on exterior measurements) of the main part of the dwelling.

Total living area- The square footage of living area which includes the first floor area plus any additions which have living area plus upper floor living area. All areas are based on exterior measurements.

RCNLD-DWELLING- The estimated depreciated value of the dwelling using standard cost tables adjusted for the local county conditions. This estimate is printed for reference only and is not used in the calculation of the market estimate of value.

Total OB&Y- The estimated depreciated value of outbuildings and yard improvements; these include detached garages, sheds, patios and decks.

Land Value- The value attributed to the land. Since once a house in constructed, land and buildings sell as a unit, the relative distribution of value between land and building has little effect on the final estimate of market value.

Market Average- A composite estimate of value based on market analysis of the contributory value of the various property characteristics.

Adjusted Sale- Since properties chosen as comparable sales will be used to estimate the value of the subject property and since these properties are rarely identical to the subject property, the sale prices have to be adjusted for these differences before they can be used as estimates of value. If the property which sold is better than the subject property, the adjusted sale price will be less than the actual sale price. If the property which sold is more desirable than the subject property, the adjusted sale price will be higher. Any inflationary or deflationary trends in the local real estate market will also be reflected in the adjusted sales prices.

Comparability- An indicator of the relative similarity of the sale properties to the subject property. Range 0 to 200+.

Weighted estimate- A weighted average of the adjusted sale prices; the adjusted sales prices are weighted by the degree of comparability.

Previous value- The previous year's value on the parcel of property.

Prior appeal/CD- If a prior value had been appealed, the year and type of the most recent appeal will be listed.

Market estimate- The estimate of the fair market value of the subject property based on the sales of the comparable properties.

Field control code- An indicator of the spread amount the adjusted sale prices. The range of codes is 1 to 4.