



## How are tax rates determined?\*

Tax rates are expressed in dollars per thousand dollars of assessed value. The budget needs of the Town and School Department influence tax rates. The tax rate presented here is based on a hypothetical budget and the approximate valuation of all taxable real estate (RE) and tangible personal property (TPP).

The hypothetical budget for the Town is \$19,500,000 and the School Department is \$27,400,000 for a total budget of \$46,900,000

After we deduct revenue of \$5,500,000 from State Aid, \$1,450,000 from Motor Vehicle excise taxes, and \$3,840,000 from miscellaneous revenue sources such as recording and building permit fees, a balance of \$36,110,000 needs to be raised by local taxation. To determine what tax rate will yield the funds needed, you divide the balance of \$36,110,000 by the net value assessments of all real (RE) and tangible (TPP) property. See below:

Example of how this proposed tax rate was established:

$$\begin{array}{l} \text{Funds needed to be raised after other revenue:} \quad \underline{\$36,110,000} \\ \text{Tiverton's Net RE \& TPP Assessed Values:} \quad \$1,950,000,000 \end{array} = \$18.52 \text{ per thousand (rounded)}$$

Therefore, a \$300,000 assessed home would be taxed as follows:

$$\$300,000 \times \$18.52 \text{ per thousand of value} = \$300,000 / 1,000 = \$300 \times \$18.52 = \$5,556 \text{ in taxes.}$$

\* The numbers presented here are for demonstrative purposes only and are not the current needs or total property assessments of the Town of Tiverton.