



## FY 2017 Recommended Budget Budget Question

Board Question #: 28

**BUDGET QUESTION:** What is the “equalized” rate for the personal property tax?

**RESPONSE:** Staff can provide an estimated value at this time, but the final calculation of the “equalized” rate will not be available until the NADA values are run at the end of February or beginning of March.

Unlike the equalized rate for real property, State Code neither requires the calculation/advertisement of nor specifies the calculation for an equalized personal property rate. Staff calculates the equalized personal property rate to understand what the tax rate would have to be to fully counteract the effects of updated NADA values. There are three steps staff uses to calculate the “equalized” personal property tax rate:

1. Just prior to the NADA values being loaded into the system, staff will run a simulation of the property book to determine total assessed values. That total will then be multiplied by the existing \$6.73 rate to determine the amount of revenue that would have been received at the existing rate prior to the NADA values being applied.
2. The NADA values are loaded into the system.
3. Just after the NADA values are loaded into the system, staff runs another simulation of the property book to determine total assessed values with new NADA numbers factored in. Staff then calculates the rate that would need to be applied to the new assessed values to get the revenue calculated in step 1.

After performing steps 1-3 as outlined above, the equalized rate will be calculated for 2016.

The estimated “equalized” personal property tax rate for 2016 is \$7.00. Note that this will very likely change once the NADA values are run.

**March 28 Update to Include Post-NADA Run Information:**

Given the NADA run and other most recent data, the “equalized” personal property tax rate for 2016 is \$6.91.