

Understanding Property Taxes

What Every Homeowner Needs to Know About Government Funding

Property taxes are a significant expense for homeowners, yet they are often misunderstood.

Knowing how property taxes are calculated, what they fund, and how to potentially lower your bill can help you manage this ongoing cost.

Here's a guide to understanding property taxes.

HOW PROPERTY TAXES ARE CALCULATED

Property taxes are typically based on the assessed value of your home and the tax rate set by your local government.

The assessed value is determined by a local assessor, who evaluates your property based on factors such as its size, location and condition.

The tax rate, often expressed as a millage rate, is applied to each \$1,000 of assessed value to calculate your tax bill.

WHAT PROPERTY TAXES FUND

Property taxes are a primary source of revenue for local governments, funding essential services such as public schools, police and fire departments, parks and infrastructure maintenance.

When you pay your proper-



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ty taxes, you're contributing to the well-being and development of your community.

Understanding what your taxes support can provide some perspective on this significant expense.

APPEALING YOUR PROPERTY ASSESSMENT

If you believe your property has been overvalued, resulting in higher taxes, you have the right to appeal the assessment.

Start by reviewing your property assessment notice

and comparing your home's assessed value with similar properties in your area.

If you find discrepancies, you can file an appeal with your local tax assessor's office. Be prepared to present evidence, such as recent home sales or an independent appraisal, to support your case.

EXEMPTIONS AND DEDUCTIONS

Many states and municipalities offer property tax exemptions or deductions for certain

homeowners, such as seniors, veterans, or those with disabilities.

These exemptions can significantly reduce your tax burden. Check with your local tax office to see if you qualify for any programs that could lower your property taxes.

MANAGING YOUR TAX BILL

Property taxes are typically paid annually or semi-annually. To avoid being caught off guard by a large bill, consider setting aside funds throughout

the year.

Some homeowners choose to pay their property taxes through an escrow account, where a portion of their mortgage payment goes toward taxes each month. This can help spread the cost over time and ensure you don't miss a payment.

Understanding property taxes is crucial for effective homeownership. By staying informed and proactive, you can manage this expense and avoid any unpleasant surprises.



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REAL ESTATE 101



HOMEWISSE GLOSSARY

Review Your Property Tax Bill Annually

It's important to review your property tax bill each year to ensure accuracy. Mistakes in your property's assessed value or incorrect application of exemptions could lead to overpaying. If you notice discrepancies, you have the right to appeal the assessment with your local tax assessor's office. Keeping an eye on your tax bill can save you money in the long run.

Millage Rate: The millage rate is a tax rate used to calculate property taxes. It is expressed as a rate per \$1,000 of assessed property value. For example, a millage rate of 10 mills means \$10 in tax per \$1,000 of assessed value. Local governments set millage rates to generate revenue for public services, such as schools, roads and emergency services.

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