

An example of how the reduction factor works is as follows: Assume a taxing district contains only one parcel that consists of a house that has a market valuation of \$100,000. A ten mill fire levy is passed by the district that raises \$350.00 in revenue in the district. During the reappraisal for the following year the value of the home is increased to \$120,000 and a newly constructed 2 car garage is appraised at \$10,000. The fire levy will be reduced to 8.3333 mills in order that the carry over property (the home) will continue to produce \$350.00 in revenue. The total revenue produced by the fire levy will now be \$379.16 with the increase caused by the addition of the new construction (the garage) to the tax duplicate.



\$100,000

### YEAR ONE

10 Mil levy passed by voters

Produces:

$$\begin{array}{r} \$100,000 \times 35\% = \$35,000 \\ \quad \quad \quad \times .010 \\ \hline \quad \quad \quad \$350.00 \end{array}$$

### YEAR TWO (Reappraisal Year)

Millage reduced to .083333

Produces:

$$\begin{array}{r} \$120,000 \times 35\% = \$42,000 \\ \quad \quad \quad \times .0083333 \\ \hline \quad \quad \quad \$350.00 \end{array}$$



\$120,000

### YEAR TWO (with new garage)

\$10,000

Produces:

$$\begin{array}{r} \$10,000 \times 35\% = \$3,500 \\ \quad \quad \quad \times .0083333 \\ \hline \quad \quad \quad \$29.16 \\ \$350.00 + \$29.16 = \$379.16 \end{array}$$



\$10,000    \$120,000