

LOCAL TAXES IN MISSISSIPPI

Presented

by

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What are the major taxes that fund local government in MS?

DEFINE “AD VALOREM”

- The phrase ad valorem is Latin for “according to value”



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ROLE OF GOVERNING AUTHORITY

§§ 27-39-307 and 21-33-45 of the
Mississippi Code of 1972

They shall have the power to levy such taxes as may be necessary to meet the demands of their respective municipality . . . not exceeding the limits that may be prescribed by law. . . .



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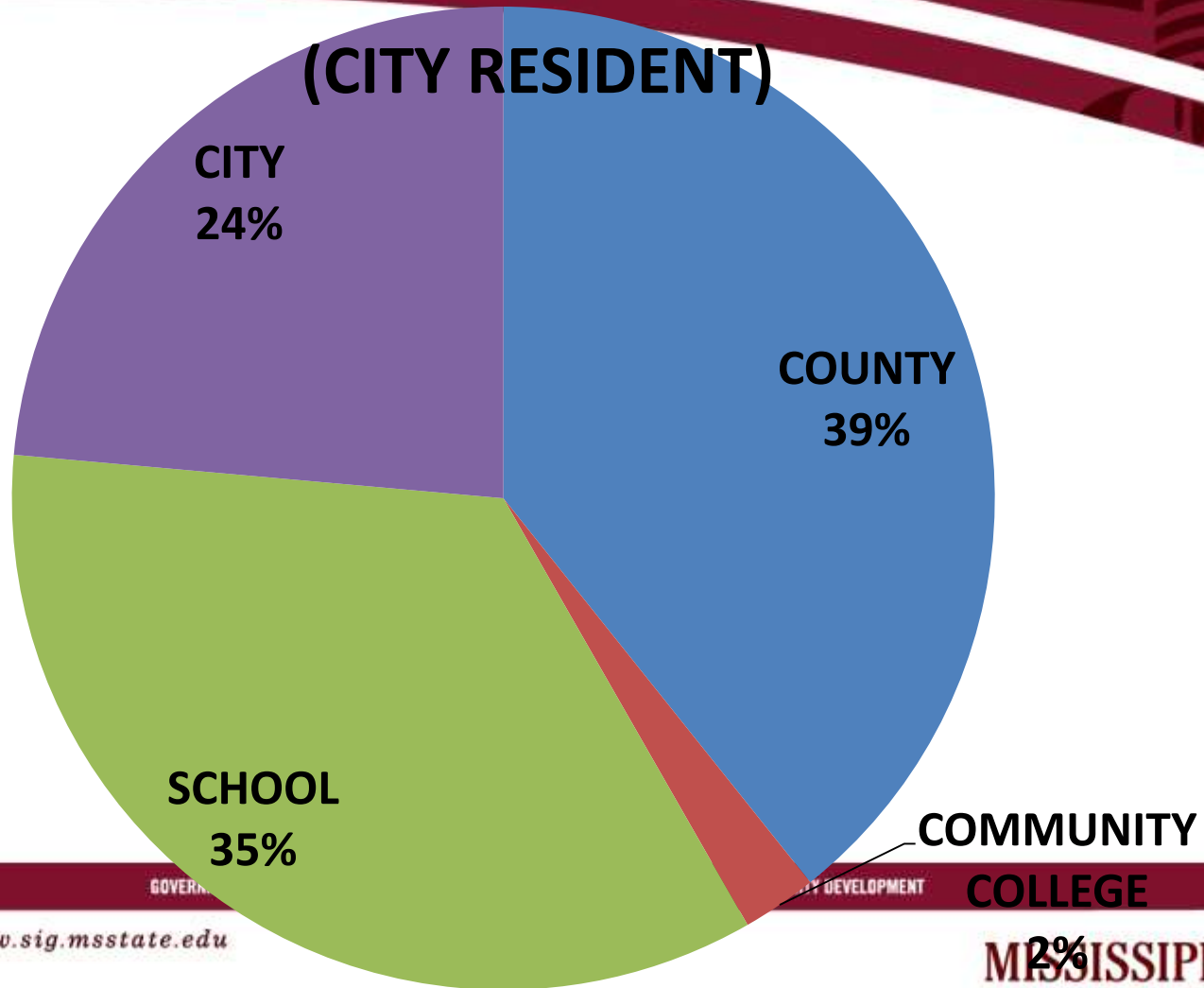
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WHERE THE MONEY GOES



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WHAT IS TAXED?

- 10% - Class I – Single Family Owner Occupied Residential
- 15% - Class II – All Real Property not classified Class I
- 15% - Class III – Business Personal Property
- 30% - Class IV – Public Utilities
- 30% - Class V – Motor Vehicles



WHAT IS TRUE VALUE?

True value is defined in § 27-35-50 of the *Code*:

True value shall mean and include, but shall not be limited to, market value, cash value, actual cash value, property value and value for the purposes of appraisal for ad valorem taxation. . . . In arriving at the true value of all Class I and Class II property and improvements, the appraisal shall be made according to current use, regardless of location. In arriving at the true value of any land used for agricultural purposes, the appraisal shall be made according to its use on January 1 of each year, regardless of its location; in making the appraisal, the assessor shall use soil types, productivity and other criteria. . . .



WHAT IS TRUE VALUE? (cont.)

- The point here is that *true value* and *market value* are not the same. Agricultural values, for example, can be much less than the actual market value of the property.
- Ownership and assessment of real property is as of January 1st of the tax year and payable the next year
 - Example: Taxable: January 1, 2011
Payable: December 26, 2011 --
February 1, 2012



WHAT IS ASSESSED VALUE?

- The true value is multiplied by a ratio that is set by state law to yield the assessed value. The ratios are as follows:

Class I	10%
Class II	15%
Class III	15%
Class IV	30%
Class V	30%



WHAT IS ASSESSED VALUE? (con't)

- It is necessary to understand the difference in market value, true value, and assessed value. Assessed value is used to determine everything from millage rates to salary levels for some county officials, including that of supervisors.



HOW ARE THE DIFFERENT CLASSES TAXED?

- Basic Formula

- True Value

- x _____ % (Ratio set by law)

- Assessed Value

- x Millage Rate

- Gross Taxes



WHAT IS A “MILL” AND HOW IS IT CALCULATED?

- A Mill is a unit used in calculating money but is not a coin.
- A Mill is a tenth of a penny or a thousandth of a dollar.
- A tenth of one dollar or a dime is written \$.10.
- A hundredth of one dollar or a penny is written \$.01.
- One mill is a thousandth of one dollar and is written \$.001.



Example:

A Class II property has a true value of \$75,000 and is in a taxing district in which the tax levy is 117.72 mills. Calculate the tax bill.

$$117.72 \text{ Mills} = .11772$$

True Value-	\$75,000
Class II Ratio-	$x \underline{.15}$
Assessed Value-	\$11,250
Mill Rate-	$x \underline{.11772}$
Tax Bill-	\$ 1,324.35



“SOME COUNTY” ASSESSED VALUE

	GROSS ASSESSED VALUE	EXEMPT SPECIAL HOMESTEAD	NET ASSESSED VALUE	
REAL	77,624,832	13,426,719	64,198,113	46.8%
PERSONAL	19,713,578		19,713,578	14.4%
MOTOR VEHICLE	35,237,311		35,237,311	25.7%
PUBLIC UTILITY	15,250,169		15,250,169	11.1%
MOBILE HOMES	2,855,269		2,855,269	2.1%

TOTAL	150,681,159		137,254,440	



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Assessed Value x Millage= Budget

Therefore:

Millage=

Budget / Assessed Value



Assume Budget = \$4,000,000

$$\text{Millage} = \frac{\$4,000,000 \quad (\text{BUDGET})}{\$137,254,440 \quad (\text{ASSESSED VALUE})}$$

Millage = .0291 or 29.1 Mills



LIMITS ON INCREASING AD VALOREM TAXES

Without a vote:

10% Annually for Cities and Counties

4% Annually for School Districts



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Homestead Exemption for City Taxes

Homestead exemption for cities involves only those applicants that qualify for "Special Homestead Exemption". That is the applicants must be over 65 years of age or disabled. The applicants are tax exempt on \$7,500 of "assessed value". The State of Mississippi reimburses the city a flat \$200 per applicant.

In recent years the state has not reimbursed the cities all of the \$200 because of budget cuts



REGULAR HOMESTEAD \$7,500 TABLE

ASSESSED VALUE

ASSESSED VALUE

OF HOMESTEAD

CREDIT AMOUNT

OF HOMESTEAD

CREDIT AMOUNT

\$ 1	\$ 150	\$ 6.00	\$ 3,751	\$ 3,900	\$ 156.00
\$ 151	\$ 300	\$ 12.00	\$ 3,901	\$ 4,050	\$ 162.00
\$ 301	\$ 450	\$ 18.00	\$ 4,051	\$ 4,200	\$ 168.00
\$ 451	\$ 600	\$ 24.00	\$ 4,201	\$ 4,350	\$ 174.00
\$ 601	\$ 750	\$ 30.00	\$ 4,351	\$ 4,500	\$ 180.00
\$ 751	\$ 900	\$ 36.00	\$ 4,501	\$ 4,650	\$ 186.00
\$ 901	\$ 1,050	\$ 42.00	\$ 4,651	\$ 4,800	\$ 192.00
\$1,051	\$ 1,200	\$ 48.00	\$ 4,801	\$ 4,950	\$ 198.00
\$1,201	\$ 1,350	\$ 54.00	\$ 4,951	\$ 5,100	\$ 204.00
\$1,351	\$ 1,500	\$ 60.00	\$ 5,101	\$ 5,250	\$ 210.00
\$1,501	\$ 1,650	\$ 66.00	\$ 5,251	\$ 5,400	\$ 216.00
\$1,651	\$ 1,800	\$ 72.00	\$ 5,401	\$ 5,550	\$ 222.00
\$1,801	\$ 1,950	\$ 78.00	\$ 5,551	\$ 5,700	\$ 228.00
\$1,951	\$ 2,100	\$ 84.00	\$ 5,701	\$ 5,850	\$ 234.00
\$2,101	\$ 2,250	\$ 90.00	\$ 5,851	\$ 6,000	\$ 240.00
\$2,251	\$ 2,400	\$ 96.00	\$ 6,001	\$ 6,150	\$ 246.00
\$2,401	\$ 2,550	\$ 102.00	\$ 6,151	\$ 6,300	\$ 252.00
\$2,551	\$ 2,700	\$ 108.00	\$ 6,301	\$ 6,450	\$ 258.00
\$2,701	\$ 2,850	\$ 114.00	\$ 6,451	\$ 6,600	\$ 264.00
\$2,851	\$ 3,000	\$ 120.00	\$ 6,601	\$ 6,750	\$ 270.00
\$3,001	\$ 3,150	\$ 126.00	\$ 6,751	\$ 6,900	\$ 276.00
\$3,151	\$ 3,300	\$ 132.00	\$ 6,901	\$ 7,050	\$ 282.00
\$3,301	\$ 3,450	\$ 138.00	\$ 7,051	\$ 7,200	\$ 288.00
\$3,451	\$ 3,600	\$ 144.00	\$ 7,201	\$ 7,350	\$ 294.00
\$3,601	\$ 3,750	\$ 150.00	\$ 7,351	\$ 7,500	\$ 300.00

Example 1

ALL CLASS I RESIDENTS WITH REGULAR HOMESTEAD EXEMPTION

COUNTY MILLS	59.48	\$	100,000	TRUE VALUE
CITY MILLS	34.37	X	10%	ASSESSMENT RATIO
SCHOOL MILLS	48.29			
		\$	10,000	ASSESSED VALUE
		\$	10,000	ASSESSED VALUE
TOTAL MILLS	142.1	X	0.14214	
		\$	1,421.40	GROSS TAX
		\$	1,421.40	GROSS TAX
		- \$	300.00	REGULAR HOMESTEAD CREDIT
		\$	1,121.40	NET TAX DUE



Example 2

ALL CLASS I RESIDENTS WITH SPECIAL HOMESTEAD EXEMPTION

COUNTY MILLS	59.48	\$	100,000	TRUE VALUE
CITY MILLS	34.37	X	10%	ASSESSMENT RATIO
SCHOOL MILLS	48.29			
		\$	10,000	ASSESSED VALUE
		-	7500	SPECIAL HOMESTEAD CREDIT
		\$	2,500	NET ASSESSED VALUE
TOTAL MILLS	142.14	X	0.14214	
		\$	355.35	NET TAX DUE



Example 3

ALL CLASS II RESIDENTS WITH NO HOMESTEAD EXEMPTION

COUNTY MILLS	59.48	\$	100,000	TRUE VALUE
CITY MILLS	34.37	X	15%	ASSESSMENT RATIO
SCHOOL MILLS	48.29			
			<hr/>	
		\$	15,000	ASSESSED VALUE
		\$	15,000	ASSESSED VALUE
TOTAL MILLS	142.14	X	0.14214	
			<hr/>	
		\$	2,132.10	GROSS TAX



What is a Tax Exemption?



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Assume Budget = \$4,000,000

Millage = $\frac{\$4,000,000 \text{ (BUDGET)}}{\$137,254,440 \text{ (ASSESSED VALUE)}}$

Millage = .0291 or 29.1 Mills



Assume Budget = \$4,000,000

$$\text{Millage} = \frac{\$4,000,000 \text{ (BUDGET)}}{\$100,000,000 \text{ (ASSESSED VALUE)}}$$

Millage = .040 or 40 Mills





**THE AVERAGE MILLAGE RATE FOR
MS CITIES IN THE 2010-2011 TAX
YEAR WAS 34.37 MILLS**

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- **AVERAGE MILLAGE RATE FOR MS COUNTIES IN THE 2010-2011 TAX YEAR WAS 55.93 MILLS**
- **AVERAGE COMMUNITY COLLEGE WAS 3.55**
- **AVERAGE SCHOOL WAS 45.41**



WHAT WILL 1 MILL GENERATE IN YOUR CITY?



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**TOTAL NET ASSESSED VALUE
(\$ 137,254,440) MULTIPLIED
BY ONE MILL (.001) EQUALS
\$137,254.44**



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