



Department of Property Records and Taxpayer Services

How To Calculate A Property Tax

This document gives instructions for calculating a property tax for the following property classifications:

- Residential Homestead
- Residential Non-Homestead (single unit)
- Residential Non-Homestead (2-3 units and vacant land) and Apartments
- Commercial/Industrial

An example of the calculation for each classification is shown, based on the rates in effect for taxes payable in 2012. Tax rates vary depending on the City/Town, School District, and Watershed District that the property is located in. The examples assume the property is located in the City of Woodbury, SD 833 South Washington, in the South Washington Watershed District. If you would like to calculate a property tax for a different area, you will need to open the Tax Rate document in order to look up the rates that apply.

How to Calculate a Property Tax Taxes Payable in 2012

Residential Homestead

Instructions:		Example of Calculation:
Step 1	Determine the Estimated Market Value that the Assessor has assigned to the property.	250,000
Step 2	Calculate the Market Value Homestead Exclusion* A. Initial/Maximum Exclusion: Multiply the first 76,000 of Taxable Market Value x 40% B. Value over 76,000: Taxable Market Value minus 76,000 C. Benefit Reduction Amount: B x 9% D: Homestead Exclusion Amount: A - C	$76,000 \times 40\% = \$30,400$ $\$250,000 - \$76,000 = \$174,000$ $\$174,000 \times 9\% = \$15,660$ $\$30,400 - \$15,660 = \$14,740$
Step 3	Calculate the Taxable Market Value Subtract the Homestead Exclusion Amount from the Estimated Market Value (rounded to nearest 100)	$\$250,000 - \$14,740 = \$235,260$ (\$235,300)
Step 4	Calculate the Tax Capacity Multiply the Taxable Market Value by the statutory Class Rates for Residential Homestead property: A. Multiply the first 500,000 of Taxable Market Value x 1.00% B. Multiply the remainder of the Taxable Market Value x 1.25% C. A + B = Total Tax Capacity	$235,300 \times 1.00\% = 2,353$ $0 \times 1.25\% = 0$ $2,353 + 0 = 2,353$
Step 5	Determine the Tax Capacity Rate and Market Value Referenda Rate for the property based on the taxing districts in which it is located. There are approximately 110 different combinations in Washington County based on the unique combination of city/town, school district, and watershed district.	Assume Property Located in Woodbury/SD 833/SWWS Tax Capacity Rate = 111.38294641% Market Value Rate = 0.22685385%
Step 6	Calculate the Tax Capacity Tax Multiply the Tax Capacity of the property by the Tax Capacity Rate	$2,353 \times 111.38294641\% = \$2,620.84$
Step 7	Calculate the Market Value Tax Add the Taxable Market Value of the property plus the Homestead Market Value Exclusion and multiply that by the Market Value Referenda Rate	$250,000 \times 0.22685385\% = \567.13
Step 8	Calculate the Total Tax before Special Assessments Tax Capacity Tax + Market Value Tax = Total Tax	$\$2,620.84 + \$567.13 = \$3,187.97$

*The 2011 legislature repealed the Homestead Market Value Credit, (the homestead credit), and replaced it with a new Homestead Market Value Exclusion. The last year of the credit is for property taxes paid in 2011 and the exclusion begins for property taxes payable in 2012. Calculation of the homestead market value exclusion closely follows the calculation steps previously used to calculate the homestead market value credit:

For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$30,400 at \$76,000 of market value.

For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000.

For a homestead valued at \$413,800 or more, there is no valuation exclusion.

How to Calculate a Property Tax Taxes Payable in 2012

Residential Non-Homestead (Single Unit)

Instructions:		Example of Calculation:
Step 1	Determine the Taxable Market Value that the Assessor has assigned to the property.	250,000
Step 2	Calculate the Tax Capacity Multiply the Taxable Market Value by the statutory Class Rates for Residential Non-Homestead property: A. Multiply the first 500,000 of Taxable Market Value x 1.00% B. Multiply the remainder of the Taxable Market Value x 1.25% C. A + B = Total Tax Capacity	$250,000 \times 1.00\% = 2,500$ $0 \times 1.25\% = 0$ $2,500 + 0 = 2,500$
Step 3	Determine the Tax Capacity Rate and Market Value Referenda Rate for the property based on the taxing districts in which it is located. There are approximately 110 different combinations in Washington County based on the unique combination of city/town, school district, and watershed district.	Assume Property Located in Woodbury/SD 833/SWWS Tax Capacity Rate = 111.38294641% Market Value Rate = 0.22685385%
Step 4	Calculate the Tax Capacity Tax Multiply the Tax Capacity of the property by the Tax Capacity Rate	$2,500 \times 111.38294641\% = \$2,784.57$
Step 5	Calculate the Market Value Tax Multiply the Taxable Market Value of the property by the Market Value Referenda Rate	$250,000 \times 0.22685385\% = \567.13
Step 6	Calculate the Total Tax before Special Assessments Tax Capacity Tax + Market Value Tax = Total Tax	$\$2,784.57 + \$567.13 = \$3,351.70$

How to Calculate a Property Tax Taxes Payable in 2012

Residential Non-Homestead (2-3 units & Vacant Land) and Apartments

Instructions:

Example of Calculation:

Step 1	Determine the Taxable Market Value that the Assessor has assigned to the property.		250,000
Step 2	Calculate the Tax Capacity	Multiply the Taxable Market Value by the statutory Class Rate for Residential Non-Homestead & Apartment property: Multiply the Taxable Market Value x 1.25%	250,000 x 1.25% = 3,125
Step 3	Determine the Tax Capacity Rate and Market Value Referenda Rate for the property based on the taxing districts in which it is located. There are approximately 110 different combinations in Washington County based on the unique combination of city/town, school district, and watershed district.		Assume Property Located in Woodbury/SD 833/SWWS Tax Capacity Rate = 111.38294641% Market Value Rate = 0.22685385%
Step 4	Calculate the Tax Capacity Tax	Multiply the Tax Capacity of the property by the Tax Capacity Rate	3,125 x 111.38294641% = \$3,480.72
Step 5	Calculate the Market Value Tax	Multiply the Taxable Market Value of the property by the Market Value Referenda Rate	250,000 x 0.22685385% = \$567.13
Step 6	Calculate the Total Tax before Special Assessments	Tax Capacity Tax + Market Value Tax = Total Tax	\$3,480.72 + \$567.13 = \$4,047.85

How to Calculate a Property Tax Taxes Payable in 2012

Commercial/Industrial

Instructions:

Example of Calculation:

Step 1	Determine the Taxable Market Value that the Assessor has assigned to the property.		1,000,000
Step 2	Calculate the Tax Capacity	Multiply the Taxable Market Value by the statutory Class Rates for Commercial/Industrial property: A. Multiply the first 150,000 of Taxable Market Value x 1.50% B. Multiply the remainder of the Taxable Market Value x 2.00% C. A + B = Total Tax Capacity	150,000 x 1.50% = 2,250 850,000 x 2.00% = 17,000 2,250 + 17,000 = 19,250
Step 3	Determine the Tax Capacity Rate, Market Value Referenda Rate, Fiscal Disparity Rate, State C/I Rate and Fiscal Disparity Ratio for the property based on the taxing districts in which it is located. There are approximately 110 different combinations in Washington County based on the unique combination of city/town, school district, and watershed district.		Assume Property Located in Woodbury/SD 833/SWWS Tax Capacity Rate = 111.38294641% Market Value Rate = 0.22685385% Fiscal Disparity Rate = 141.945% State C/I Rate = 52.000% Fiscal Disparity Ratio = 38.8479%
Step 4	Calculate the Fiscal Disparity Portion of the Tax Capacity	Multiply the Total Tax Capacity of the property by the Fiscal Disparity Ratio (this percentage varies by municipality)	19,250 x 38.8479% = 7,478
Step 5	Calculate the Local Portion of the Tax Capacity	Subtract the Fiscal Disparity Tax Capacity from the Total Tax Capacity of the property	19,250 - 7,478 = 11,772
Step 6	Calculate the Tax Capacity Tax	Multiply the Local Tax Capacity of the property by the Tax Capacity Rate	11,772 x 111.38294641% = \$13,112.00
Step 7	Calculate the Market Value Tax	Multiply the Taxable Market Value of the property by the Market Value Referenda Rate	1,000,000 x 0.22685385% = \$2,268.54
Step 8	Calculate the Fiscal Disparity Tax	Multiply the Fiscal Disparity Tax Capacity of the property by the Fiscal Disparity Tax Rate (this rate is uniform throughout the 7 metro counties)	7,478 x 141.945% = \$10,614.65
Step 9	Calculate the State Tax	Multiply the Total Tax Capacity of the property by the State C/I Tax Rate (this rate is uniform statewide)	19,250 x 52.000% = \$10,010.00
Step 10	Calculate the Total Tax before Special Assessments	Tax Capacity Tax + Market Value Tax + Fiscal Disparity Tax + State Tax = Total Tax	\$13,112.00 + \$2,268.54 + \$10,614.65 + \$10,010.00 = \$36,005.19