

Assessment Ratio & Tax Rate

What is Assessed Value?

This is the dollar value placed on a parcel of property by the Assessor's Office. It is the Assessor's estimate of market value. It is important for maintaining equity between and among all taxpayers in the city.

What is Equalized Value?

Is calculated by dividing the property's total assessed value by the average assessment ratio. This ratio is applied to all property, including personal property, regardless of type or location of the property. In theory, this should approximate the current market value of the property as of January 1st in the year the assessment was determined. This value estimate is determined by the Department of Revenue (DOR). It is used to apportion tax levies among municipalities and is used in the distribution of shared revenues.

We typically assume the market value of our property changes with each year's inflation (or deflation). Even though there is a new assessment roll every year, most assessors don't review and revalue the assessments yearly. That means in a year without a revaluation, the assessed value does not reflect the property's market value.

If each municipality has a separate assessor, and they do revaluations in different years, how can we compare the values between municipalities? Why do we care? Remember, the school districts, the county, the vocational schools and special districts like lake rehabilitation districts also collect part of their budgets from the local property tax. These overlying taxing jurisdictions need to collect the levy they need from each of the municipalities they lie within. The municipality's share of those budgets will be passed on to each property owner. Fairness demands that the Department of Revenue (DOR) compare "apples to apples," by making sure that we use one consistent standard in estimating the taxable value of each municipality. Then those overlying tax levies can be fairly apportioned to each municipality. That is a primary reason for the Equalized Value.

The fact that both assessed and fair market (equalized) values are shown on property tax bills underscores the fact that Wisconsin has a dual system of property valuation. Individual parcels of property are valued (assessed) by local assessors (except for manufacturing property, which is assessed by the state) while the estimated value of all taxable property in each municipality (Equalized Value) is determined by DOR. The local assessor is concerned with equity between property owners in the municipality, while DOR is concerned with equity between municipalities and counties. This Equalizing procedure assures that school taxes, county taxes, and major

state aids are apportioned fairly to the state's 1851 municipalities.

What is the Assessment Ratio?

The relationship between the assessed value and equalized value of all taxable property within a municipality. For example, if the assessed value of all the taxable property in the City is \$150,000.00 and the equalized value is \$160,000.00 the assessment level would be 93.75%.

State law requires that assessors be within 10% (higher or lower) of the state's equalized value ratio at least once in every 4 year period. The Department of Revenue allows this leeway because appraisal is not an exact science, and to allow for the different standards used by them versus a municipality.

What is the Tax Rate?

A rate set by the municipality for each property based on the revenue required to provide local services, such as firefighting, garbage collection and snow removal. In Omro, the tax rate also includes the individual levies set by the State of Wisconsin, Winnebago County, Omro School District, and the Technical Colleges. This is a dollar amount expressed per \$1,000.00, and representing the entire levy to be raised in any community, divided by the total taxable assessment roll.

Your property tax is then calculated by multiplying the assessed value of your property divided by 1000 by the total tax rate of all the entities. For example, if your property is assessed at \$100,000.00, your taxes in 2017 would be $\$100,000/1000 \times \24.93 for a total of \$2,493.00. Lottery Credits and First Dollar Credits are then provided to homeowners following state guidelines.

Remember, when comparing Omro’s tax rate to other municipalities, you need to compare equalized tax rates (the tax rates of both municipalities multiplied by their assessment ratio) and also keep in mind that Omro includes many services in their tax rate that others charge as fees or assessments (e.g. roads, curb and gutter, storm sewer, and garbage pickup).

Supporting Documents

Tax Rate History 53.07 KB