

## Sample Calculation of Homestead Credit for Real Property and Manufactured or Mobile Homes Taxed Like Real Property

Market Value	\$114,280
Assessed Value (35% of market Value)	\$40,000
Gross Tax Rate	60 mills
Reduction Factor	0.166667
Effective Tax Rate	50 mills

1. Gross Taxes	\$2,400.00
2. Tax Reduction	\$400.00
3. Subtotal	\$2,000.00
4. 10% Rollback	\$200.00
5. 2.5% Rollback	\$50.00
6. Homestead Credit	\$382.82
7. Net Tax for Year	\$1,367.18

### Sample Calculations:

1.  $\$40,000 \times .06 = \$2,400.00$
2.  $\$2,400.00 \times 0.166667 = \$400.00$
3.  $\$2,400.00 - \$400.00 = \$2,000.00$
4.  $0.1 \times \$2,000.00 = \$200.00$
5.  $0.025 \times \$2,000.00 = \$50.00$
6.  $\$25,000 \times 0.35 \times .05 \times 0.875 = \$382.82$
7.  $\$2,000.00 - \$200.00 - \$50.00 - \$382.82 = \$1,367.18$

### Comments:

1. The effective rate used to calculate the homestead credit is the effective rate used to calculate the taxes for the year. For instance, if the homestead is part of a multiple use parcel that is taxed at the class II effective rate, then the class II effective rate is used to calculate the homestead credit.
2. The 10% rollback will only be used in calculating the homestead credit if the parcel received the 10% rollback for that year. For instance, if the homestead in the above example was part of a multiple use parcel where the principal use of the property was commercial and the parcel was not eligible for the 10% rollback, the calculation of the homestead credit would be:

$$\$25,000 \times 0.35 \times .05 \times 0.975 = \$426.56$$

The 2.5% rollback should always be considered in the calculation of the homestead credit because a homestead that qualifies for the homestead exemption will always qualify for the 2.5 % rollback.