Property Tax Fluctuation

Mayor Ware shared an article in the *Albany Democrat-Herald* and indicated Brownsville's bond had increased from last year by eight cents. Don was asked about this fluctuation and had a difficult time explaining. I thought it may be a good idea to give you some information in case you're asked about this here in the near future. Every year the State publishes the Municipal Local Budget Book which includes the chart below:

Percent of Property Taxes Collected, by County

This percentage is the portion of current year property taxes collected in each of the last five years. You may use this percentage to estimate the amount of property tax revenue you will receive as a budget resource. For example, if 92.2 percent is collected, then 7.8 percent would be lost to discounts and other uncollected amounts. (100% - 92.2% = 7.8%). Multiply your tax rate (per $1,000) times the assessed value in your district divided by $1,000, and then multiply the result by the figure from the chart below to get the estimated amount your rate will raise for your budget.

County	2006-07	2007-08	2008-09	2009-10	2010-11
Linn	93.7%	93.5%	92.7%	93.2%	92.8%

What all this means is simply this - the County does not collect 100% of the taxes. The City is allowed to "guess" that the County will collect the rate (92.8%) as was collected in the previous fiscal year. The City is allowed to inflate the amount needed so that 100% (or close to it) of the bond rate will be collected. So, for example, if the City needs $100.00 and asks the County to assess $100 and does not do any adjustment as allowed by State law, the City would likely yield $92.80 (100 X.928). Municipalities are allowed to ask for more in order to collect the amount needed for general obligation bonds. So, using the same example, the City would ask the County to assess 107.2% of $100 or $107.20 in order to yield closer to $100 ($107.20 X .928 = $99.48) so the City doesn't experience a significant short fall to meet debt obligation.

The other issue involves the State changing the amortization table. You may recall they wanted us to pay $4,000+ more because they miscalculated the first year payment. We told the State to ask when the money has been appropriately budgeted, we would pay - so we were successful in putting lump sum payment off until this fiscal year.

This issue really doesn't work like a house payment either because the Federal & State government set the amortization schedule that is slightly graduated over time.

Please let me know if you have any questions or concerns. Thanks!