



MISSISSIPPI STATE
UNIVERSITY™

EXTENSION

AD VALOREM TAXES

Define “Ad Valorem”

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



What is Taxed

- Section 27-35-4
 - Class I Property:
 - Single Family Owner Occupied Residential (10% of true value)
 - Class II Property:
 - All Real Property that is not Class I (15% of true value)
 - Class III Property:
 - Business Property – furniture and fixtures; inventory (15% of true value)
 - Required to be annually appraised at true value

What is Taxed (cont.)

- Section 27-35-4
 - Class IV Property
 - Public Utilities (30% of true value)
 - Class V Property
 - Motor Vehicles – cars, trucks, motor homes, mobile homes (30% of true value)



How Are These Classes Taxed?

- Basic Formula

- True Value

- x _____ % (Ratio set by law)

- Assessed Value

- x Millage Rate

- Gross Taxes



What is a Mill & How is it Calculated?

- A mill is a unit used in calculating money but is not a coin. A mill is tenth of a penny or a thousand 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 thousand of one dollar and is written \$.001



Calculation Example

- A Class Two 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.

$$117.72 \text{ Mills} = \$0.11772$$

– True Value	=	\$75,000
– Class 2 Ratio	=	x 0.15
– Assessed Value	=	\$ 11,250
– Mill Rate	=	x 0.11772
– Tax Bill	=	\$ 1,324.35

Homestead Exemption

- Section 27-33-67 (1) (Regular Homestead)
 - Homeowner under sixty-five (65) years of age on January 1 of the year for which the exemption is claimed, and who is not totally disabled shall be exempt from ad valorem taxes in the amount prescribed in Section 27-33-75
 - One-half (1/2) of the exemption allowed shall be from taxes levied for **school district** purposes and one-half shall be from taxes levied for **county general fund**
 - Section 27-33-75 – Regular Homestead Exemption Table

Reg. Homestead \$7,500 Table

Assessed Value of Homestead		\$ Credit	
\$1	\$150		\$6
\$151	\$300		\$12
\$301	\$450		\$18
\$451	\$600		\$24
\$601	\$750		\$30
\$751	\$900		\$36
\$901	\$1,050		\$42
\$1,051	\$1,200		\$48
\$1,201	\$1,350		\$54
\$1,351	\$1,500		\$60
\$1,351	\$1,650		\$66
\$1,501	\$1,800		\$72
\$1,651	\$1,950		\$78
\$1,801	\$2,100		\$84
\$1,951	\$2,250		\$90

Assessed Value of Homestead		\$ Credit	
\$2,101	\$2,400		\$96
\$2,251	\$2,550		\$102
\$2,401	\$2,700		\$108
\$2,551	\$2,850		\$114
\$2,701	\$3,000		\$120
\$2,851	\$3,150		\$126
\$3,001	\$3,300		\$132
\$3,151	\$3,450		\$138
\$3,301	\$3,600		\$144
\$3,451	\$3,750		\$150
\$3,601	\$3,900		\$156
\$3,751	\$4,050		\$162
\$3,901	\$4,200		\$168
\$4,051	\$4,350		\$174
\$4,201	\$4,500		\$180
\$4,351	\$4,650		\$186
\$4,501	\$4,800		\$192
\$4,801	\$4,950		\$198
\$4,951	\$5,100		\$204
\$5,101	\$5,250		\$210

Assessed Value of Homestead		\$ Credit	
\$5,251	\$5,400		\$216
\$5,401	\$5,550		\$222
\$5,551	\$5,700		\$228
\$5,701	\$5,850		\$234
\$5,851	\$6,000		\$240
\$6,001	\$6,150		\$246
\$6,151	\$6,300		\$252
\$6,301	\$6,450		\$258
\$6,451	\$6,600		\$264
\$6,601	\$6,750		\$270
\$6,751	\$6,900		\$276
\$6,901	\$7,050		\$282
\$7,051	\$7,200		\$288
\$7,201	\$7,350		\$294
\$7,351	\$7,500		\$300

Example – Regular Homestead

	City	School	County	Total Tax
True Value – Class I	100,000	100,000	100,000	100,000
Ratio	.10	.10	.10	.10
Assessed Value	10,000	10,000	10,000	10,000
Millage Rate	.025	.050	.050	.125
Gross Tax	250	500	500	1250
Homestead	(0)	(150)	(150)	(300)
Net Tax Due	250	350	350	950

Homestead Exemption (cont.)

- Section 27-33-67 (2) (Special Homestead)
 - Each qualified homeowner who has reached sixty-five (65) years of age on or before January 1 of the year for which the exemption is claimed or who is totally disable as herein defined shall be exempt from ad valorem taxes in the manner prescribed in 27-33-75
 - Section 27-33-75 (2)(a) ...qualified homeowners...shall be allowed exemption from all ad valorem taxes on not in excess of \$7,500 of the assessed value of the homestead property.

Example – Special Homestead

	City	School	County	Total
True Value – Class I	100,000	100,000	100,000	100,000
Ratio	.10	.10	.10	.10
Assessed Value	10,000	10,000	10,000	10,000
Millage Rate	.025	.050	.050	.125
Gross Tax	250	500	500	1250
Homestead - Special	(187.50)	(375)	(375)	(937.50)
Net Tax Due	62.50	125	125	312.50

Example – No Homestead (Class II Property)

	City	School	County	Total
True Value – Class II	100,000	100,000	100,000	100,000
Ratio	.15	.15	.15	.15
Assessed Value	15,000	15,000	15,000	15,000
Millage Rate	.025	.050	.050	.125
Gross Tax	375	750	750	1,875
Homestead	(0)	(0)	(0)	(0)
Net Tax Due	375	750	750	1,875

Millage

Assessed Value x Millage =
Budget Request for Taxes

Therefore

Millage = $\frac{\text{Budget Request}}{\text{Assessed Value}}$

Millage Example

- Assume Budget = \$4,000,000

$$\text{Millage} = \frac{\$4,000,000 \text{ (Budget)}}{\$100,000,000 \text{ (Assessed Value)}}$$

Millage = **.040 or 40 Mills**



Reimbursement of Tax Loss

- Section 27-33-77
 - ...the amount of tax loss to be reimbursed because of exemptions shall be \$50 for county taxes exempted...per applicant qualifying for homestead exemption...
 - This reimbursement is payable in March and September



Contact Information

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