Video script Why Should I Care about Property taxes?

Hello class, my name is Teri Jacobson and I am the Kenosha County Treasurer. I am here today to talk to you a bit about Property Taxes.

Even though we are doing this virtually, I can imagine the bored look on your face as you ask yourself **“Why should I care about property taxes?”**

The short answer is you should care because property taxes directly affects your life every day.

(Show Pie Chart)

Most of the public things in our community are paid for through property taxes. The building where you normally go to school or the teacher that teaches this class, paid for by property taxes. The street you drove on to get to your house was probably paid for through property taxes. The snow plow that goes by your house to plow snow in the winter, property taxes. The fire department that shows up if your house is on fire, paid for by property taxes. If you are thinking about going to Gateway Technical College, part of that cost is paid for by property taxes. These and so many other things are paid for through property taxes.

(Back to Teri)

Another reason to care about property taxes is that they can affect what you can afford to buy or rent as your home or business. In this class, I believe one of your exercises is to pick a house and figure out how much you need to make every month to afford that house, well property taxes are part of that equation.

You should also care about property taxes because if you fail to pay them, not only does it cost you more money, but you could also eventually lose your property for not paying them.

**What does a property tax bill look like?**

(Show sample bill)

This is a sample property tax bill in the Village of Somers, it’s for a local restaurant on the lakefront

Highlighted in yellow is the assessed value of the property, below that is the “Estimated Fair Market Value” value. Why are there two values for the same property? Any guesses? I’ll give you a hint it has the do the number highlighted in purple.

(Go back to Teri)

Properties are assessed to determine everyone’s fair share of property taxes. Ideally, we would reassess every year but reassessing properties takes a lot of time and money so municipalities generally only reassess periodically and the time between reassessments can vary by municipality.

This means that if a city reassesses every other year and a neighboring village that share a school district with them only reassesses every 8 years, a similar property across the street from one another but in two different municipalities could have very different values even though they should be very similar. This “equalization” happens to bring different municipalities closer to a level playing field to make sure that taxes are doled out more fairly between municipalities.

It says this is a fair market value but that’s not really accurate since it does not factor in a lot of things that can actually determine how much you will end up paying for the property and it doesn’t respond to changes in the market as fast as the price you pay for a house does so take it with a grain of salt and remember that the value on this bill is about equal taxation and not about sale price.

(Show sample tax bill again)

Highlighted in Purple is the assessment ratio – that shows how close to full value the state thinks the municipality’s assessed value is this year you can see this year in this muni it is X%

Highlighted in Orange are the various taxing jurisdictions on the bill, they represent the things we talked about earlier that property taxes pay for Schools, Courts, Veteran’s Services, Snow plows, fire protection etc.

Highlighted in Green are the amounts of the credits on the bill – up top is the School Levy Tax Credit and towards the bottom are the lottery credit and the first dollar credit.

The one we’ll pay closest attention to is the lottery credit. This particular property does not have a lottery credit because it is a business and lottery credits can only be giving on a primary residence. The Lottery Credit is paid for from some of the proceeds from the state lottery. Each homeowner may apply for a lottery credit on their primary residence so a person is only allowed one lottery credit.

You can find more on the lottery credit on our web site here (go to web site <https://www.kenoshacounty.org/593/Lottery-Credits> )

* We have a pamphlet that explains the lottery credit (Click on pamphlet, then go back to main lottery page)
* We have forms to add or remove a lottery credit ( Click on the add form and then go back)
* We have a search section where you can see if you are currently scheduled to receive the lottery credit (Click on Search for credit on left side and type Jacobson Teri and click search for credit) You can see I get the lottery credit on my house
* We encourage people to check their tax bill every year to make sure they are getting the lottery credit if they are eligible
* It is important to claim the credit in a timely manner because if it is not claimed by October 1, you lose the credit

(go back to sample bill)

Highlighted in Blue are special assessments – these are items that are added to individual properties for things like garbage & recycling, cutting weeds, repairs made to your property for violating ordinances etc

Highlighted in Pink are the due dates -Since when to pay and where to pay are really important you can see we have those things repeated several places on the bill. You can see the options that you have for payment, when they are due and the amount that is due, in the Village of Pleasant Prairie and the City of Kenosha you have the option to pay in 3 installments, everywhere else in the County, including our sample bill in Somers you see here, you have the option to pay in 2 installments.

(Back to Teri)

**Where do the amounts on the tax bill come from?**

Each of those taxing jurisdictions that were highlighted in orange develop and pass a budget through their boards every year.

That budget says how much they need to get from various sources like the state & federal government, revenues, grants and what is left from property taxes. The number is often limited by a law that establishes levy limits – the levy limit sets the amount the taxes can be raised to the amount of growth in that community so if your community is not growing, you can’t tax more even if the cost of things like gas or electricity continue to rise.

(Go to sample Kenosha County budget)

Here is a sample “simplified” budget for Kenosha County, the amount highlighted in yellow is the amount that was prorated to all the municipalities for the 2020 tax bills. You can also see that a good portion of our budget is called “Intergovernmental Revenue” that tends to be money from the state or federal government for the county to provide state or federal services at a local level. Another item of note is the amount that comes from sales tax, when you pay 5.5% sales tax on an item, the 5% goes to the state and the the .5% goes to the county and annually the county portion adds up to about $15 million

(Go Back to Teri)

Next the amount that was budgeted to be received from property taxes is then divided by the value of that taxing jurisdiction to get the mill rate – mill rate means the amount to be charged per $1,000 of property value.

(Go to Somers sample mill rate calc)

Here is a sample mill rate sheet that we use to calculate the tax bills. On this sample you can see, highlighted in yellow, the amount of the County budget we saw before that was apportioned to Somers and the assessed value of the area and the mill rate is listed in the column headed Rate/K

(Go to how does the math work sample)

You can see that if you take the mill rate here and multiply it by the assessed value of the property on the sample tax bill, you will get the tax amount for that taxing jurisdiction

Now take this idea and use it to calculate how much the tax bill would be on the house your picked out, remember you have to do that math for each line that show up on the sample tax bill and subtract of the mill rate amount of the School/General State Credit, here is a mill rate sheet for you to use.

(show sample mill rate sheet again and pause to let them do project)

Great! How did you do? It’s not too easy but luckily these days we have computers to do most of the work but we always double check a portion of the bills manually to make sure that the data and formulas the computer is using is correct. Calculating, checking, printing and mailing the tax bills for the county takes about 3-4 weeks and is a team effort between the municipalities, our IT department, mail room and myself.

Now that you know how much your tax bill potentially would be, your next question is probably **“How can I pay my taxes?”**

There are several ways to pay, each offers positives and negatives (Go to Pos/Neg chart)

* Cash – The down side is you have to pay in person and no audit train if you lose your receipt but the positive is you don’t have to worry about if there is enough money in your account to cover the payment
* Check – You can pay through the mail, you have a record of your payment even if you lose your receipt but you better make sure you have enough in your account to cover it because it will cost you additional money if you bounce a check and it may cause you to go delinquent!
* ECheck – Many of the same pluses and minuses of a regular check with the added benefit that you can do this online but also one added caution – people often mess up their routing or account number when entering them so BE CAREFUL!
* Credit Cards – you can pay online, and credit cards offer fraud protection but the fees and interest on your credit card could eat you a live at some point so be careful!
* Debit Cards – I almost never recommend people use debit cards to pay anything, they do not have as many fraud prevention levels as a credit card so it opens your account up to fraud
* Payment made by your bank – they often lack postmarks so if it gets lost in the mail, you won’t be able to prove when it was mailed

(Go back to Teri)

When you are looking to buy a house you often hear the word escrow thrown around so you may be asking yourself **“What does it mean to escrow your taxes?”**

When you buy a house generally they require or encourage you to escrow your taxes. That means that every month when you make the payment towards your mortgage an additional amount is added to cover the amount of your taxes. So if your taxes are $2,400 a year they would add about $200 a month.

In Wisconsin you often have options on how and when those taxes get paid. Sometimes the payment goes to you and you need to send it in to the municipality and sometimes it gets paid directly to the municipality. Either way, it is **REALLY** important that you make sure your taxes are paid every year.

Mortgage companies are often big companies and they make mistakes, I see it every day, so it is important that you get the tax bill mailed to you, you check that it has been paid and that your mortgage company subtracted the correct amount from your escrow account every year!

People sometimes go through tough times and have to make tough choices on what bills to pay and which ones to put off paying so it is a good time to answer the question **“What happens if I don’t pay my property taxes?”**

Paying your property taxes is required by law and the price for not paying them can be steep

While you won’t go to jail for not paying your property taxes, the first thing that happens is you start getting charged interest and penalty. The amount of the interest and penalty is set by law and is 1.5% per month or 18% per year

Let’s look at that sample tax bill again ( Show sample Bill)

The full amount of the bill is $22,149.95

If you fail to pay your first installment of $11,642.47 by January 31st, not only does the amount of that first installment go delinquent and start accruing interest but you lose the option to pay in installments so the full balance of $22,149.95 is now due and accruing interest at 1.5% per month so

(Show Interest and penalty chart)

The amount due by February 28th is now $22,482.20 or $332.25, 1.5% more than it was in January

If you wait to pay until July it will be $24,143.45 or $1,993.50, 9% more than originally billed

And if you wait a year it will be $26,136.94 or $3,986.99, 18% more than originally billed

Over two years it will grow to $30,123.93 or $7,973.98, 36% more than originally billed

Now if you wait longer than 2 years to pay, not only do you owe more money every month but your property is now in jeopardy for the County to take it for back taxes so you might lose a property worth $1,179,500 because you owe $30,123.93 in delinquent taxes!

(Go Back to Teri)

Knowing that you wouldn’t want to lose your property for such a small percentage of its value, **“How do you avoid losing your property?”**

Of course the easiest way is to pay on time

If you can’t pay on time, pay as much as you can before it goes delinquent and keeping making payments of as much as you can every month until it is paid in full – making regular monthly payments does help because most of your payment is applied to the principal so it will reduce how much interest gets added on the next month

Don’t ignore mailings – ignoring the problems will only make it worse, you need to communicate with both your county treasurer and your mortgage company because there is a very good chance the mortgage company will foreclose on the property long before the county does so that they do not lose their investment in the property from your loan if the county takes the property for back taxes.

Another good reason to stay in contact with your treasurer is that there are often resources that can help and your County Treasurer can help direct you to some of them like the Foundation for Rural Housing, Human Services or Veteran’s Services so make sure to contact us.

We can also help you set up a payment plan so that you can get caught up, we can help you figure out how much your minimum monthly payment should be to avoid the foreclosure process and to get caught up. So that’s the basics on property taxes, I hope you learned something, and remember, contact your local treasurer!

Now let’s look at something that is a little more fun and a good tool to know about when you are looking for property to but

**Introduction to Property Inquiry page and interactive mapping**

Earlier I made you try and calculate the taxes for a house but the truth is in Kenosha county we have an easier way tat you can often use to get an idea what the taxes will be – you can look online to see how much the taxes have been historically on the property! Now that doesn’t really work if you are building a new home, there you will have to take the estimated value of the house and property and multiply it by the mill rate like you did earlier, but if you are buying an already existing home, it’s a great tool to help you estimate the taxes.

Go to [www.kenoshacounty.org](http://www.kenoshacounty.org)

Click on Property & Taxes

Click on Property inquiry

Agree you’ll be good with the information you get

Then put in the address of the property you are interested in and search, Let’s use our sample tax bill from earlier

Here you can get a ton of information on the property – it’s also the ultimate snoopy neighbor web site!

You can see how the taxes have changed over years

You can get copies of your original tax bill

You can see how the value of your property has changed over the years, so how it is classified, in this case commercial because it is the Hobnob restaurant

You can see information on the building like when it was built, 1953, how many sq ft it is, in this case they have two building and the main building is 8,067 sq ft. if it were residential it will often tell you how many bedroom and bathrooms etc

You can also click over to our interactive mapping site (View GIS Map) and start seeing who owns the surrounding properties or see photos of the property and area going back to 1937 (You can see how the quality of the image has changed over the years). You can also use this page to measure properties, check for flood plains or get the mailing addresses for your neighbors!

So that wraps up our talk today, I know some of it may be overwhelming but hopefully it is helpful when you start thinking about buying your first property. If you remember nothing else, remember to contact you r local treasurer if you have questions or concerns. I hope the rest of your day goes well! Bye!