

# All You Ever Wanted to Know About Taxation But Were Afraid to Ask

One of the great mysteries that clouds our understanding of present-day local government, and how it operates, concerns taxes and the terminology that describes the language of taxes.

Who among us would have a perfect score if we were asked to define (1) assessed value, (2) assessment rate, (3) true value, (4) a mill, (5) homestead exemption, or (6) personal property?

## **Few individuals know:**

- What agencies, in addition to the Board of Supervisors, are legally authorized to levy taxes on you and me.
- Who gives them the right to impose taxes on you and me.
- If the agencies, or the Board, may levy any amount of tax they want to.
- Who has the responsibility to let you and me know about taxes we owe.
- Who it is that collects and distributes the taxes.

It is vital that community leadership and our citizenry have an understanding of the county tax structure and, more importantly, how those taxes wind up on the "tax levy."

So let's try to answer a few important questions.

## 1. Who determines tax rates?

The Jackson County Board of Supervisors sets tax rates to provide for road maintenance and improvement, general county operation (including courts, sheriff's department, mental health, animal shelter, recreation), port improvement, garbage collection, libraries and other county services.

### **Many factors determine the tax rate required to maintain the annual budget including:**

- Inflation and cost of living.
- Taxes mandated by the State Legislature.
- Public demand for additional and/or improved government services.
- Availability of federal and state aid monies.
- Bond maturity schedules dictating fluctuating millage.

Of the 38 tax levies, published by the Chancery Clerk, that make up the Tax Levy for 2008-2009, the Board of Supervisors has absolutely no control over 20 of them.

In these cases, the Board of Supervisors is required to levy specific millage. These include:

Jackson County School District, Jackson County School Bonds, Jackson County School Notes, Gautier and West Jackson County Utility Districts, Gulf Park/St. Andrew's Fire District, Escatawpa Utility District Fire District (Outside City), Pat Harrison Waterways, Regional Library, and Lighting Districts for St. Andrews/Pinehurst, Triple Subdivision, Helena and Gulf Hills.

Citizens who think the Board "sets" or "determines" that millage **ALL BY THEMSELVES** do not understand that the board is required by law to apply a millage rate necessary to raise the dollars the schools report they need.

Your tax bill, if you are a resident of a municipality and/or a municipal school district, includes the taxes levied by the governing bodies of Pascagoula, Moss Point, Ocean Springs and Gautier and their respective school districts.

Schools calculate their own dollar requirements within the limits allowed by the State. The Board then figures the millage required to bring in the required funds for the schools and announces that millage.

Utility Districts and Fire Districts are supported by taxes from **levies set by utilities and fire district commissioners**. The Board is simply acting in response to State Law when these millage are levied.

## Where do our county tax dollars go?

All Jackson Countians will pay the following 2008-2009 levies (millage rates)\*:

General County	27.295
State Port	1.551
State Port	0.000
Reappraisal	1.000
Capital Improvement	1.000
MGCCC Maintenance	3.008
MGCCC Bonds	2.282
Jackson/George Reg Lib	1.794
Airport Maintenance	0.820
Bridge & Culvert	1.387
Pat Harrison Operation	0.200
County Wide Road Maint.	8.853
Port Operations	1.000
General Debt Service	0.472
Road Improvement	1.260
Library Bonds	<u>0.069</u>
<b>Total</b>	<b>59.991</b>

Only those county residents who live in unincorporated areas, the county school district, and special utility, lighting and/or fire districts, pay the following levies (millage rates)\*:

### All Unincorporated Areas

Garbage collection	5.148
Rural Fire	<u>3.950</u>
	<b>9.098</b>

### County Schools

Co School Maintenance	46.900
School Bonds and Notes	<u>4.424</u>
	<b>51.324</b>

### Special Districts

Helena Lighting	5.983
EUD	2.000
Gulf Park Fire	2.967
Gulf Park Fire	1.333
St Andrews	3.013
Triple Lighting	1.939
W Jackson Utility	2.324
Gulf Hills Lighting	1.448

*Section 49-19-115 of the Mississippi Code mandates that the county levy a 9 cents per acre tax on all timber and uncultivated land in the County. These revenues go to the state to be used for forestry fire protection.*

\*Millage rates are for 2008-2009 and may change each year.

### **3. Who determines the value of the five classes of property and how does the process work?**

The State Tax Commission inputs vehicle identification numbers (VIN) and actual values for each of those VIN's into a central data base. The county tax collector's office is tied directly into this state system. Automobile assessments are depreciated each year to a floor value of \$100 for a 10-year-old car.

Mobile home rolls are prepared by the tax assessor's office from a Mobile Home Schedule prepared by the State Tax Commission.

Real and personal property valuations are determined by the county tax assessor. All taxable real property situated in the County is assessed each year. Assessment rolls of the property subject to taxation are prepared by the county tax assessor and delivered to the Board of Supervisors on the first Monday in July. The State Tax Commission furnishes a listing of public utility values in late October or early November.

The assessments are equalized by the Board and notice is given to the taxpayers that the Board will meet to hear tax protests. After objections are heard, the Board adjusts the rolls and submits them to the State Tax Commission. The State Tax Commission may then accept the rolls, or, if it finds a roll incorrect in any particular, return the rolls to the Board to be corrected in accordance with the recommendations of the State Tax Commission.

If the Board has any objections to the order of the State Tax Commission, it may have a hearing before the Commission. Otherwise, the assessment roll is finalized and submitted to the county tax collector for collection.

The process is completed each year by early August to allow the Board of Supervisors to prepare its fiscal year budget that begins October 1.

The Board sets and collects all taxes with help from no other agency. When the tax rolls have been approved by the State, the Board turns over the tax rolls to the Tax Collector's Office which has the responsibility to collect the taxes. The Chancery Clerk's Office, in cooperation with the Tax Collector's office, sees that tax revenues required by certain agencies and groups (for example, schools, library and utility districts) are distributed according to the law.

## 4. What is a Mil and How is it Calculated?

One mill is 1/1000th of a dollar, or one mill yields one dollar in revenue for each \$1,000 of assessed value. Millage rates are applied to five classes of property subject to taxation based on your Taxing District (see “Determining Your Taxing District” below). These classes and their assessed value rates are:

**Class 1** - Single Family Owner Occupied (10 percent) Current valuation -

**Class 2** - All Other Real Property (15 percent) Current valuation -

**Class 3** - Personal Property (15 percent) Current valuation -

**Class 4** - Automobiles (30 percent) Current valuation -

**Class 5** - Public Utilities (30 percent) Current valuation -

<b>Determining Your Taxing District</b>			
To figure your tax rate, use the following table to determine your four-digit tax district number.			
<b>Position 1: Supervisors Districts</b>	<b>Position 2: Municipalities</b>	<b>Position 3: School District</b>	<b>Position 4: Special Tax Levy (Utilities, Fire, Lighting)</b>
(1) District 1 (2) District 2 (3) District 3 (4) District 4 (5) District 5 (9) Exempt	(0) Unincorporated (2) Moss Point (4) Pascagoula (6) Ocean Springs (8) Gautier (9) Exempt	(0) Jackson County (2) Moss Point (4) Pascagoula (6) Ocean Springs (9) Exempt	(0) No Levy (1) Escatawpa Fire Dist. (2) WJC Utility District (4) GHL/WJC Utility District (5) GP/SA Fire District (6) GP/SA/PH Lighting & Fire Dist. (7) Triple SD Lighting & West JC Utility District (8) Exempt after 6/89 (9) Exempt before 6/89 (A) Helena Lighting
<b>For example, if you live in District 3 in the City of Pascagoula, your number is:</b>			
<b>Position 1 Supervisor District</b>	<b>Position 2 Municipalities</b>	<b>Position 3 School District</b>	<b>Position 4 Special Tax Levy (Utilities/Fire)</b>
<b>3</b>	<b>4</b>	<b>4</b>	<b>0</b>

### Automobile Tax Calculation Example:

A resident of Ocean Springs and its school district (Taxing District 4660) who owns an automobile valued at \$7,933 would pay taxes on the assessed value (30 percent or \$2,380). The tax bill for that automobile would be \$315.76 **minus** this year’s legislative credit of 5.5 percent of assessed value **plus** \$12.75 registration fee on renewals and the \$15 privilege tax. Example:

<b>County Tax</b>	51.990 mills X 2380 = \$123.74
<b>City Tax</b>	23.830 mills X 2380 = 56.72
<b>School Tax</b>	56.850 mills X 2380 = 135.30
<b>Total</b>	132.67 mills X 2380 = \$315.76

Legislative credit	- \$130.90 (\$2380 x 5.5%)
Reg. fee, privilege tax	+ <u>27.75</u> (\$12.75 + \$15)
<b>Total tag cost</b>	<b>\$212.61</b>

### Single Family Owned Home Calculation Example:

A single family owner-occupied home valued at \$100,000 in that same Ocean Springs tax district (4660) would pay a millage levy of 132.67 (51.900 county and 80.68 city and school) on the assessed value of \$10,000 (value X 10 percent). Total tax bill would be: \$1,326.70 or \$1,026.70 with homestead exemption credit.

Taxes on a \$100,000 rented home in Tax District 4660 would be figured at 132.67 mills on 15 percent of value (\$15,000) for a total city and county tax bill of \$1,990.05.

**Below** is a sample tax bill sent by the county tax collector's office to a municipal resident in Pascagoula (Tax District 3440). The county collects municipal taxes for the cities of Gautier, Ocean Springs and Pascagoula through mutual agreement.

After determining your four-digit tax district number, locate your district on **Jackson County Tax/Millage Levy Chart (for the example we used 2008-2009 tax levy)**. If you live in an unincorporated area, take the total county millage listed under your tax district and that is your tax millage rate. If you live inside a municipality and/or school district, add to your total county tax millage the applicable millage for city and/or schools to get your total tax millage.

<b>Sample Property Tax Statement</b> <i>Example for a Pascagoula Resident (Taxing District 3440)</i> <i>with a home valued at \$100,000 with Homestead Exemption</i>		
-----COUNTY-----	-----MUNICIPAL-----	-----SCHOOL-----
Valuation* 10,000	Valuation* 10,000	Valuation* 10,000
Tax Rate 51.99	Tax Rate 39.55	Tax Rate 48.39
Tax 519.90	Tax 395.50	Tax 483.90
Exempt 0	Exempt 0	Xmpt Rate** 150
Xmpt Rate** 150	Xmpt Rate 000	Credit \$.00
Credit \$.00	Credit \$.00	
Total County = \$369.90	Total Municipal = \$395.50	Total School = \$333.90
<b>Total Due = \$1099.30</b> (\$369.90 + \$395.50 + \$333.90)		

**NOTE:** Senior citizens over 65 do not pay taxes on the first \$75,000 of appraised value in a homeowner residence.

\* Assessed value for tax purposes is 10% of value for a single-family owner-occupied residence.

\*\* Homestead exemption (Maximum of \$300)

Industries that have been granted tax exemptions as incentives to locate or expand in Jackson County do not pay ad valorem taxes, but they are not exempt from school and community college taxes and the levy for state port bonds, capital improvements and reappraisal maintenance.

Or let's take a look at the tax bill when you put all of us taxpayers together. Taking into account tax exempt valuation, the dollar value of real, personal and public utility property (assessed valuation minus exempt properties) that is taxable by Jackson County in assessment fiscal year 2009 totals about \$1,313,380,910. One mill (.001) will bring in \$1,313,000 when levied countywide for those categories in which all residents (unincorporated and municipalities) pay.

**Top 10 Taxpayers in Jackson County**  
(Ad Valorem County Taxes Paid for 2008)

COMPANY	AMOUNT
CHEVRON	\$28,998,852.96
MS POWER	\$11,847,142.31
NORTHROP GRUMMAN	\$8,993,617.60
GULF POWER	\$4,485,278.70
BELLSOUTH	\$1,401,443.13
GULFSTREAM	\$1,131,361.13
FIRST CHEMICAL	\$928,784.46
SIGNAL INTERNATIONAL	\$737,670.20
WAL-MART	\$708,745.92
MISSISSIPPI PHOSPHATES CORP	\$494,269.34
<b>TOTAL</b>	<b>\$59,727,165.75</b>

(Source: Tax Collector Joe Tucker)

## Conclusion

In conclusion, many citizens honestly believe that the Board of Supervisors sits down as a group (with no constraints imposed on them), figures out how much money will be required to “operate the county,” and then taxes you and me to meet the financial needs, whatever they are. Many citizens also believe that the “tax levy” published by the Chancery Clerk is set entirely by the Board.

The fact is that the Board of Supervisors, or any other agency, or district, may **not** levy any amount of tax they desire.

Any local tax levy for which the Board of Supervisors is not finally responsible is provided for by the State Legislature. The amounts of the levies and the specific purpose(s) for which they are intended are spelled out very precisely in appropriate sections of the Mississippi Code. And the Board must levy “millage” as requested as long as the amounts are within the limits set by the State.

We must remember the County is a “creature of the State” and derives its powers from the State. Some levies that we think are legitimate “county tax levies” are really set by the State and may not be altered by the Board.

Our tax bills are affected by decisions made on all levels of governments (local, county, state and federal) and by outside economic factors like cost of living and unemployment.

And the broader our tax base, the less the tax burden weighs on the individual.