

UNDERSTANDING THE QUARTERLY TAX BILLS AND HOW THEY WORK

It is not unusual for taxpayers to check and see how their property taxes have changed from one year to the next. With semi-annual billing, and with both bills being actual tax bills, it was an easy process. Using the bill issued late in September (due November 1), the taxpayer would only need to look at the bill from the previous May to calculate the increase. Since the Town implemented the quarterly tax billing system (effective FY2005), the actual bill has been issued half-way through the fiscal year: the first two quarterly bills (due August 1 and November 1) are preliminary (also called estimated) tax bills and are based on the previous year's taxation, and the final two quarterly bills (due February 1 and May 1) are actual bills.

If the taxes **increase** on a property from one year to the next and since the first two quarter tax bills reflect the previous year's taxes, the Town must go back to collect the taxes missed since the beginning of the fiscal year (the first two quarters). These missed taxes are added equally onto the final two quarters, the bills due February 1 and May 1. If taxpayers use either the first or second quarter tax bill in relation to their first actual tax bill, they will see an inflated change.

Remembering that the preliminary tax bills are due August 1 and November 1 and that each bill is based on one quarter of the previous year's taxes, see the following example (Example 1 - Tax Payments FY09).

EXAMPLE 1 - Tax Payments FY09

FY08 Value	\$ 582,000.00	
FY08 Tax Rate	\$ 11.27	
Total Taxes Due FY08	\$ 6,559.14	
FY08 Taxes divided by 4	\$ 1,639.79	
FY09 Taxes Due 1st Quarter FY09 (8/1/08)		\$ 1,639.79
FY09 Taxes Due 2nd Quarter FY09 (11/1/08)		\$ 1,639.79
Differences Annually are:		
FY09 Taxes	\$ 7,443.14	
FY08 Taxes	- 6,559.14	
Difference (adjustment)	\$ 884.00	
Adjustment per Quarter (difference divided by 4)	\$ 221.00	
FY09 Taxes divided by 4	\$ 1,860.79	
Plus (adjustment per quarter)	+ 221.00	
FY09 Taxes Due 3rd Quarter FY09 (2/1/09)		\$ 2,081.79
FY09 Taxes divided by 4	\$ 1,860.79	
Plus (adjustment per quarter)	+ 221.00	
FY09 Taxes Due 4th Quarter FY09 (5/1/09)		\$ 2,081.79

Another way of calculating amounts due FY09:

EXAMPLE 2 - taxes **decrease** for FY09

FY08 Value	\$ 582,000.00
FY08 Tax Rate	\$ 11.27
Total Taxes Due FY08	\$ 6,559.14
Total Taxes Due FY08 divided by 4	\$ 1,639.79

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FY08 Tax Rate	\$ 11.27
Total Taxes Due FY08	\$ 6,559.14
Total Taxes Due FY08 divided by 4	\$ 1,639.79

Preliminary Taxes FY09 - 1st and 2nd Quarters

1st Quarter due 8/1/08	\$ 1,639.79
2nd Quarter due 11/1/08	\$ 1,639.79

Preliminary Taxes FY09 - 1st and 2nd Quarters

1st Quarter due 8/1/08	\$ 1,639.79
2nd Quarter due 11/1/08	\$ 1,639.79

FY09 Value	\$ 626,000.00
FY09 Tax Rate	\$ 11.89
Total Taxes Due FY09	\$ 7,443.14

FY09 Value	\$ 626,000.00
FY09 Tax Rate	\$ 10.29
Total Taxes Due FY09	\$ 6,441.54

Total Taxes Due FY09	\$ 7,443.14
1st Quarter due 8/1/08	- 1,639.79
2nd Quarter due 11/1/08	- 1,639.79
Difference	\$ 4,163.57
Difference divided by 2	\$ 2,081.79

Total Taxes Due FY09	\$ 6,441.54
1st Quarter due 8/1/08	- 1,639.79
2nd Quarter due 11/1/08	- 1,639.79
Difference	\$ 3,161.97
Difference divided by 2	\$ 1,580.99

Actual Taxes FY09 - 3rd and 4th Quarters

3rd Quarter due 2/1/09	\$ 2,081.79
4th Quarter due 5/1/09	\$ 2,081.79

Actual Taxes FY09 - 3rd and 4th Quarters

3rd Quarter due 2/1/09	\$ 1,580.99
4th Quarter due 5/1/09	\$ 1,580.99

However, if the taxes **decrease** for FY09, see Example 2 (above).

In Example 1:

If the taxpayer compares the 3rd or 4th quarter actual bill to the 1st or 2nd quarter preliminary tax for FY09, it may appear that the taxes have increased 27%:

\$2,081.79 divided by \$1,639.79.

The taxpayer should compare the 3rd or 4th quarter taxes less the adjustments, and the taxes have increased 13%:

\$1,860.79 divided by \$1,639.79.

or total taxes due FY09 divided by total taxes due FY08

\$7,443.14 divided by \$6,559.14.