# Key Terms

1. **Tax Levy** – The amount of real estate tax dollars requested by a taxing body for support of its operations and debt payments
2. **Extension** – The product of the taxing body's net equalized assessed valuation multiplied by its tax rate as calculated by the county clerk.
3. **Market Value** – The estimated sale value of real estate.
4. **Assessed Value** – The valuation set upon real estate for the purpose of determining tax liability (theoretically 1/3 market value)
5. **Equalized Assessed Value** – The product of any multiplier imposed by the county or state times the assessed value which theoretically "equalizes" the assessed value to 1/3 of market value throughout the county and state
6. **Net Equalized Assessed Value (NEAV)** – The equalized assessed valuation of property minus any legal exemptions, most common exemption is the Homestead Exemption.
7. **Tax Base** – The total of all net equalized assessed value in a taxing district.
8. **Tax Rate** – By fund, the County Clerk calculates a rate by dividing the tax levy for that fund by the total net equalized assessed valuation for the district.

Example: 2021 Capped Extension $89,709,359/2021 EAV $6,261,996,308
= 2021 Capped Tax Rate 1.4326%

# Key Terms Continued

9. **Tax Liability** – The tax payable to the taxing district by a property owner is the result of applying the NEAV of the property to the tax rate. For example:

| | | |
|---|---|---|
| A | Market Value | $750,000 |
| B | EAV (A*33%) | $250,000 |
| C | Homestead Exemption | $ 6,000 |
| D | Net EAV (B - C) | $244,000 |
| E | Tax Rate | 1.6297% |
| **F** | **Tax Liability to District (D*E)** | **$ 3,976** |

10. **Property Tax Extension Law Limit (PTELL)** – Also known as the "Tax Cap". Limits the increase in property tax extensions to 5% or the December year-over-year change in the Consumer Price Index for All Urban Consumers (CPI-U), whichever is less, for all funds subject to the tax cap. The tax cap does not apply to repayment of bonds and is exclusive of new construction in the District.
11. **Limiting Rate** – The maximum tax rate allowable for capped funds without referendum is the result of applying the PTELL or 5%, whichever is less.
12. **Truth in Taxation** – A district must hold a hearing and disclose in a publication if the aggregate levy is more than 105% of the previous year.