

# How Much Will My Taxes Be Reduced?

## How the Homestead/Farmstead Exclusion (Act 50) Works

- \$18,000 reduction in assessed value for County real property taxation
  - results in an annual savings of \$85.14 in County taxes for most constituents
- The amount of real property tax owed by any taxpayer is the tax rate (measured in mills) multiplied by the assessed value of said property
  - Allegheny County's tax rate is 4.73. This means that for every \$1,000 in assessed value, a taxpayer will pay \$4.73 in taxes.
    - Millage is the tax rate expressed in mills (thousandths of a dollar) per dollar. 1 mill = 0.001, 4.73 = 0.00473

### Example 1 (Without Exclusion):

A property is assessed at \$100,000. The property tax would be \$473.00 year:

Assessed Value multiplied by the Tax Rate = Tax Owed

$$\$100,000 \times 0.00473 = \$473.00$$

### Example 2 (With Exclusion):

The same property receives an \$18,000 Homestead Exclusion. This same property now has an assessment of \$82,000 and the tax owed is \$387.86 - a savings of \$85.14:

Assessed Value minus the Homestead Exclusion multiplied by the Tax Rate = Tax Owed

$$\$100,000 - \$18,000 = \$82,000 \times 0.00473 = \$387.86$$