Mill Rate and Taxation

**Note:** In NC, property taxation is established by the Machinery Act. This act, among other things, establishes the tax rate as “per $100” of assessed value. Much of the rest of the country utilizes a system called the mill rate. Because NC now utilizes a national test as the basis for its state examination, students are required to be able to calculate taxes by using the mill rate in addition to calculations involving tax rate per $100.

- Mill rate – tax rate based upon 1/10 of one cent. This also equates to one-thousandth of a dollar (i.e. .1 x .01 = .001 one mill)

- There are basically two easy ways to calculate taxes involving the mill rate:
  1. Multiply the # of mills x .1 of 1 cent
     (i.e. .1 x .01 x # of mills = Mill rate as a decimal)
  2. Divide the assessed value by $1,000 and then simply multiply by the mill rate

**Example:** What would be the tax bill for a property with assessed value of $210,000 that has a tax rate of 15 mills?

**Answer:** Solution is provided by illustrating both methods addressed above.

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.1 \times .01 \times 15 = .015 \text{ (15 mills as a decimal)} \\
$210,000 \times .015 = $3,150 \text{ Tax Bill}
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OR

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$210,000 / $1,000 = 210 \text{ (# of $1,000)} \\
210 \times 15 = $3,150 \text{ Tax Bill}
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