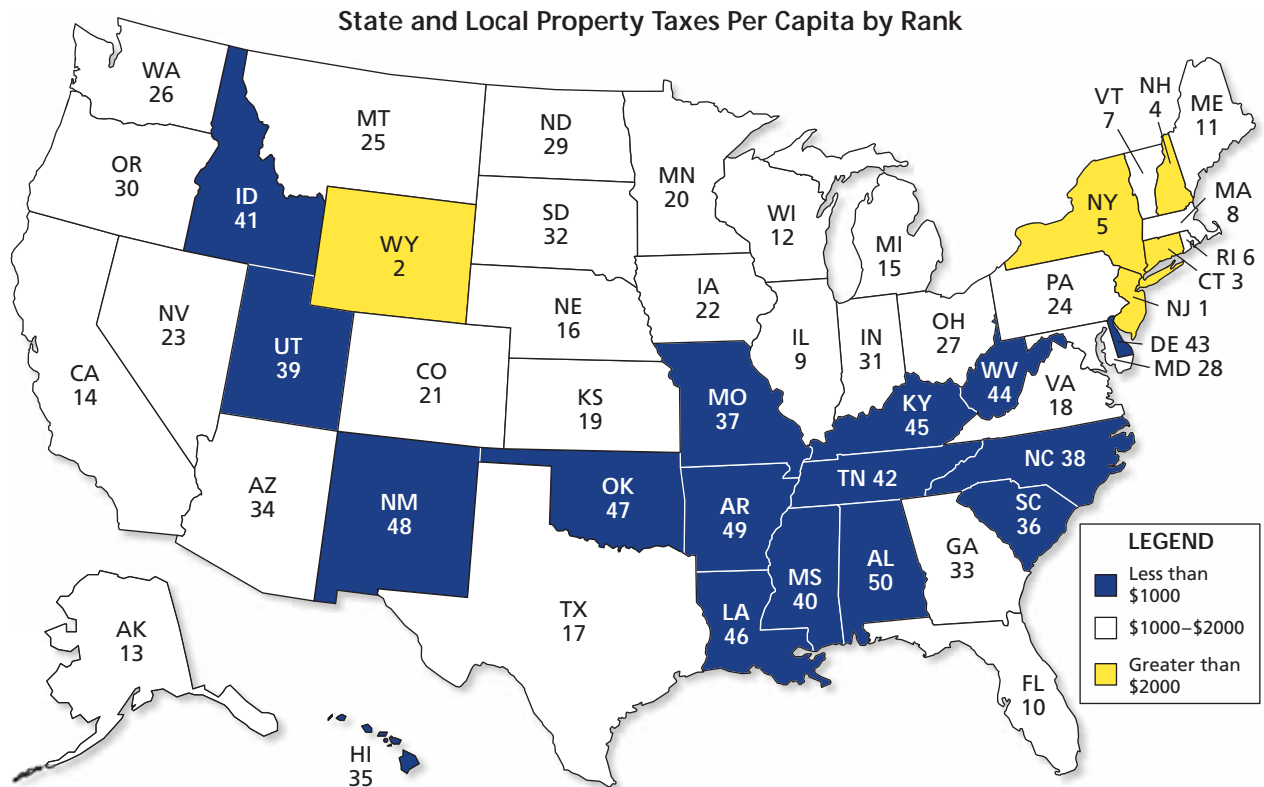You can see from Example 1 that the tax rate of a property tax does not by itself tell you whether the tax is high or low. To decide whether a property tax is high or low, use the tax rate and the assessment level to determine the **effective rate** of a property tax. Effective rates are usually expressed as percents.

Effective rate (decimal form)	=	Tax rate (decimal form)	×	Assessment level (decimal form)

State and Local Property Taxes Per Capita by Rank

LEGEND
- Less than $1000
- $1000–$2000
- Greater than $2000

EXAMPLE 2   **Calculating Effective Rates**

Find the effective property tax rate in each city.

a. Omaha, NE: Tax rate: 21.3 mills, Assessment level: 96%

b. Birmingham, AL: Tax rate: 80.2 mills, Assessment level: 10%

SOLUTION

a. Effective rate $= 0.0213(0.96) \approx 0.02 = 2\%$

b. Effective rate $= 0.0802(0.10) \approx 0.008 = 0.8\%$

✓ **Checkpoint**   Help at *Math*.and**YOU**.com

Find the effective property tax rate in each city.

c. Newark, NJ: Tax rate: 27.4 mills, Assessment level: 59.7%

d. Honolulu, HI: Tax rate: 3.4 mills, Assessment level: 100%

e. New York, NY: Tax rate: 167 mills, Assessment level: 3.7%