5.3



Study Tip

Property tax codes vary a lot throughout the United States. The time to check your local codes is before you move into a municipality. Exemptions also vary, even in neighboring municipalities.

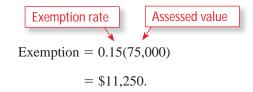
EXAMPLE 6 **Analyzing the Value of an Exemption**

Use the information below to determine how much the veteran pays for property tax and saves from the military exemption.

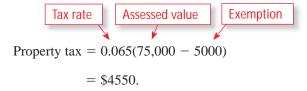
- A person is 30 years old and has been discharged from 8 years of service in the U.S. military.
- The person buys a home whose assessed value is \$75,000.
- The tax rate is 65 mills.
- The municipality has a 15% exemption (up to \$5000) for veterans.

SOLUTION

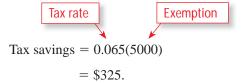
The amount of the exemption is



This exceeds the maximum, so the exemption is \$5000. The property tax is



The tax savings from the \$5000 reduction in the assessed value is



The veteran pays \$4550 for property tax and saves \$325 from the exemption.



Use the information below to determine how much the veteran pays for property tax and saves with the military exemptions from age 26 to age 40.

- A person is 26 years old and has been discharged from 8 years of service in the U.S. military.
- The person buys a home whose assessed value is \$36,800.
- The tax rate is 95 mills.
- The municipality has a 10% exemption (up to \$4000) for veterans.

