



How to Calculate Rollback

What is Rollback Tax?

- When agricultural real property is applied to a use other than agricultural; it becomes subject to additional taxes referred to as rollback taxes. The rollback taxes could apply to the parcel as a whole or a portion of the parcel.

How is the Rollback calculated?

- In the year the use changes; the difference between the amount of tax paid under the agricultural use classification and the amount that would have been paid under full market value is the amount of additional tax. This calculation is then done as needed up to the previous three years.

Calculation of Rollback taxes

- For example: out of a 10 acre tract 2 acres are sold. The market value for these 10 acres is \$20,000 and the agricultural value is \$3,120.
- $\$20,000/10 = \$2,000 \times 2 \text{ acre} = \$4,000 \times 6\% = 240 \times .2372 = \56.93
- $\$3,120/10 = \$312 \times 2 \text{ acre} = \$624 \times 4\% = 30 \times .2372 = \7.12 (round to nearest tenth)
- $\$56.93 - \$7.12 = \$49.81$ Rollback tax
- Rollback tax can go back 3 years. Each year's tax is based upon the year's appraisal and millage rate.

Year	Millage Rate 6%
2020	0.2345
2021	0.2345
2022	0.2345
2023	0.23824