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How to Calculate A Real Estate Tax Bill

The steps outlined below show how to calculate a real estate tax bill for a residential home in the city of Mentor that has a market value of \$100,000 in 2020 that qualifies for the owner occupancy reduction.

1. Determine the Assessed Value:
 - Formula: Appraised Value X 35% = Assessed Value
 - Example: \$100,000 X .35 = \$35,000

2. Calculate the Gross Tax:
 - Formula: Assessed Value X (Gross Tax Rate/1000) = Gross Taxes
 - Example: \$35,000 X (104.61/1000) = \$3,661.35

3. Calculate the reduction factor credit amount:
 - Formula: Gross Tax X (Reduction Factor/1000) = Credit
 - Example: \$3,661.35 X .434200468 = \$1,589.76

4. Reduce the gross tax by the reduction factor credit amount:
 - Formula: Gross tax - Reduction Credit = Subtotal
 - Example: \$3,661.35 - \$1,589.76 = \$2,071.59

5. Calculate the Non-Business Credit (NBC):
 - Formula: Subtotal X NBC Rate = NBC Reduction
 - Example: \$2,071.59 x .087859 = \$182.01

6. Calculate the Owner Occupancy Credit (OOC):
 - Formula: Subtotal X OOC Rate = OOC Reduction
 - Example: \$2,071.59 X .021964 = \$45.50

7. Reduce the Subtotal Tax for full year taxes owed:
 - Formula: Subtotal – NBC Reduction – OOC Reduction
 - Example: \$2,071.59 – \$182.01 – \$45.50 = \$1,844.08



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How to calculate the Standard Homestead Exemption

The steps outlined below show how the standard Homestead Exemption on a residential home is calculated for a property in Mentor in 2020. The reduction is equal to the taxes that would otherwise be charged on up to \$25,000 of the market value of an eligible taxpayer's homestead. The homestead reduction amount is calculated on 35% of \$25,000 market value which is \$8,750. This amount is the same for all standard Homestead Exemptions. For an enhanced Homestead reduction (Veterans or Spouse of Public Service Officer) this amount is doubled.

8. Determine the Initial Homestead Reduction (IHR)
 - Formula: $\$8,750 \times \text{Effective Tax Rate} = \text{IHR}$
 - Example: $\$8,750 \times (59.188289/1000) = \517.90

9. Calculate the NBC Credit on the IHR
 - Formula: $\text{IHR} \times \text{NBC Rate} = \text{NBC Reduction}$
 - Example: $\$517.90 \times .087859 = \45.50

10. Calculate the OOC Credit on the IHR
 - Formula: $\text{IHR} \times \text{OOC} = \text{OOC Reduction}$
 - Example: $\$517.90 \times .021964 = \11.38

11. Calculate Homestead Reduction Amount
 - Formula: $\text{IHR} - \text{NBC Reduction} - \text{OOC Reduction} = \text{Homestead Exemption}$
 - Example: $\$517.90 - \$45.50 - \$11.38 = \461.02