

**Multiple Choice**

Identify the letter of the choice that best completes the statement or answers the question.

- \_\_\_ 1. Property taxes are
  - a. levied according to square footage.
  - b. a lien until paid.
  - c. based on income of the owner.
  - d. an encroachment until paid.
- \_\_\_ 2. A city or county sponsored public improvement is most appropriately financed by
  - a. general property taxes.
  - b. an improvement district.
  - c. an assessment district.
  - d. federal income taxes.
- \_\_\_ 3. What is the most correct meaning of the term “*ad valorem*”?
  - a. Appraised value
  - b. Property tax
  - c. According to the value
  - d. And wife
- \_\_\_ 4. If an owner’s semiannual property taxes on a \$90,000 home are \$840 and the house is assessed at 80% of value, what is the tax rate per thousand dollars of evaluation?
  - a. \$11.66
  - b. \$18.66
  - c. \$23.33
  - d. \$720.00
- \_\_\_ 5. If a home sold for \$124,000 and was assessed at 80% of its value, how much would the property taxes be at a rate of \$18.20 per thousand dollars of assessed value?
  - a. \$992.00
  - b. \$1,444.35
  - c. \$1,805.44
  - d. \$2,256.80
- \_\_\_ 6. The tax rate on a property is \$3.32 per \$100 of assessed valuation. The assessed value is \$55,864. What is the annual tax payment? (round to the nearest dollar)
  - a. \$185
  - b. \$594
  - c. \$592
  - d. \$1,855
- \_\_\_ 7. When a home owner feels his property has been assessed too high and files an appeal, the burden of proof is on the
  - a. appraiser chosen by the home owner.
  - b. assessor’s staff appraiser.
  - c. homeowner.
  - d. county supervisor.
- \_\_\_ 8. A municipality is installing new sidewalks in a neighborhood. The cost of this project would most likely be paid for by means of
  - a. individual contracts with property owners.
  - b. income taxes.
  - c. a dedication.
  - d. a special assessment.

- \_\_\_ 9. The theory of special assessment allocation is that the improvement benefits the
- land in the district.
  - structures in the county.
  - people in the equalization area.
  - businesses in the district.
- \_\_\_ 10. In a special assessment district, which occurs first?
- Bonding
  - Hearing
  - Confirmation
  - Assessment collection
- \_\_\_ 11. All of the following may be considered in calculating the cost basis of a property in a capital gain tax computation EXCEPT
- purchase price.
  - repairs or maintenance.
  - landscaping.
  - improvements.
- \_\_\_ 12. A home with a cost basis of \$40,800 in 1975 is resold today for \$90,000. Commissions and closing expenses are \$6,300. What is the gain on the sale?
- \$6,300
  - \$42,900
  - \$83,700
  - \$82,600
- \_\_\_ 13. A woman sold her primary residence of the last three years for \$96,500 and immediately invested in another residence with a purchase price of \$150,000. Assuming a tax basis of \$46,500 in the original property, how much taxable gain will she have to report on this sale?
- \$7,000
  - \$53,500
  - \$46,500
  - None
- \_\_\_ 14. A home with a cost basis of \$40,800 in 1979 is resold today for \$80,000. Commissions and closing expenses are \$5,600. What is the adjusted sales price?
- \$5,600
  - \$33,600
  - \$72,300
  - \$74,400
- \_\_\_ 15. An investor sells his real property using an installment sale. His capital gains tax would be due
- never, if he owned the property for more than one year.
  - after the last installment s paid.
  - the year of the sale.
  - as he receives the payments.
- \_\_\_ 16. Local government programs and services are financed primarily through
- property taxes.
  - federal income taxes.
  - state income taxes.
  - state sales taxes.

- \_\_\_ 17. Taxes on real property are levied
  - a. on an *ad valorem* basis.
  - b. according to the value of the property.
  - c. both a and b.
  - d. neither a nor b.
- \_\_\_ 18. The assessment ratio of real property in a community may be
  - a. 100 percent of its appraised value.
  - b. more than its fair market value.
  - c. more than its appraised value.
  - d. any of the above.
- \_\_\_ 19. Which of the following would be the highest tax rate?
  - a. 38 mills
  - b. \$3.80/.\$100
  - c. \$38/\$1,000
  - d. no difference
- \_\_\_ 20. Records of the assessed valuations of all properties within a jurisdiction are known as
  - a. appraisal rolls.
  - b. allocation rolls.
  - c. appropriation rolls.
  - d. assessment rolls.

**True/False**

*Indicate whether the sentence or statement is true or false.*

- \_\_\_ 21. Publicly available books that show assessed valuations are called assessment valuation books.
- \_\_\_ 22. The amount of property taxes an owner pays is determined by the services provided by the city or county.
- \_\_\_ 23. The property tax rate may be expressed as a mill rate, dollars per thousand or dollars per hundred.
- \_\_\_ 24. The cost of installing a residential street in a city will most likely be paid by means of special assessment.
- \_\_\_ 25. Local government programs and services are financed primarily through state income taxes.
- \_\_\_ 26. A document issued at a tax sale that entitles the purchaser to a deed at a later date if the property is not redeemed is known as a tax deed.
- \_\_\_ 27. Long-term capital gain is a preferential income tax treatment on the sale of an appreciated asset before 1987.
- \_\_\_ 28. The sale of an appreciated property structured to spread out the payment of income taxes on the gain is called the installment method.
- \_\_\_ 29. In some states the board of equalization equalizes assessment procedures between counties.
- \_\_\_ 30. A public improvement benefits the general public and is financed through a general property tax.