

Smithville Area Fire Protection District



Levy Rate Compared to Insurance Rate

In our research, we found that the proposed tax increase could cost a local property owner just over \$6 per month.

We partnered with several property owners to gather data on this. This property is located near 92 Highway and Terra Pulchra in Platte County. The house is a 5-bedroom, 3-bath home with a little over 1,900 square feet. From the Platte County Assessor, the appraised property value in 2019 was \$195,762. The assessed valuation is 19% of the appraised value; in this case \$37,195.

The current tax levy for the Smithville Area Fire Protection District is 0.2821. To calculate the tax owed; take the assessed value, multiply by the tax levy, then divide that number by 100.

$$\$37,195 \times 0.2821 = 10,492.71 \quad 10,492.71 \text{ divided by } 100 = \$104.93 \text{ annually}$$

$$\$104.93 \text{ divided by } 12 = \$8.74 \text{ per month}$$

This is what the current owner pays in fire protection.

With the proposed 35-cent increase, the new tax rate would be 0.6321. That new rate applied to the same property would be;

$$\$37,195 \times 0.6321 = 23,510.96 \quad 23,510.96 \text{ divided by } 100 = \$235.11 \text{ annually}$$

$$\$235.11 \text{ divided by } 12 = \$19.59 \text{ per month}$$

The cost increase of the new tax rate would be \$10.85 per month.

An increase in the level of fire protection such as staffing, equipment, training, water supply, and communications results in a lower rating by the Insurance Services Office (often referred to as the ISO rating). The lower the rating, the better/cheaper insurance rates are for property owners. With increasing our staffing, doubling the number of firefighters on duty and responding from 2 stations, our rating should be lowered. We are currently an "ISO 5/10". With increased staffing, and other changes we have already made within the organization, we feel a better rating of ISO 4/10 is attainable.

This citizen was able to get hard numbers from their insurance company on what their premium would be if we were go from an ISO 5/10 to an ISO 4/10.

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The property owner has a current annual premium of \$1,323.12 with the current ISO rating of 5/10. The agent was able to provide a quote if the ISO rating was lowered to 4/10; the new premium quoted was \$1,265.12. This is an annual savings of \$58.00, or a monthly savings of \$4.83 per month.

For this property owner, the increase of \$10.85 per month, and the savings of \$4.83 per month equal a net increase of \$6.02 per month.

Some insurance companies do not use the ISO rating system. Those companies use some other formula to determine your fire risk, and thus your cost for insurance. Doubling the amount of fire protection we provide should certainly lower your insurance costs.