

Everything Within Reach

### Local Property (Ad Valorem) Taxes Applicable to Hillsboro Businesses

- Property is assessed at 100% of market value by the Hill County Appraisal District.
- Property tax classifications include real estate, improvements, business personal property, machinery and tools, and inventory.
- Inventory that qualifies for Triple Freeport Exemption may be exempt from local property tax by the City, County, or Hillsboro Independent School District.
- “Goods in transit” inventory stored in a third party provider warehouse may be exempt by the City and School District.
- Tax rate is calculated per \$100 of valuation.
- Rates vary per jurisdiction, but a particular jurisdiction taxes all classifications of property (see above) at the same rate. For example, real estate and inventory are taxed at the same rate by that particular jurisdiction.
- 2010 ad valorem tax rates applicable to Hillsboro business locations include:

○ City of Hillsboro	\$0.818331
○ Hill County	\$0.391735
○ Hillsboro ISD	\$1.410000
○ Hill College	\$0.065367
○ Lateral Roads	<u>\$0.065061</u>
TOTAL	\$2.750494 per \$100 valuation

- Example: A company’s land, building, and business personal property that have a combined tax assessed value of \$1m would result in a total local property tax of \$27,504.94 per year at FY 09-10 tax rates.

### Sales Tax Applicable to Hillsboro Business

- Local businesses that only produce or wholesale do not collect sales tax on those transactions.
- Sales tax is collected at point of retail sale.
- Total Hillsboro sales tax is 8 ¼%, consisting of:

○ State sales tax	6 ¼%
○ Municipal sales tax	1 3/8%
○ County sales tax	½%
○ Local Economic Development sales tax	<u>1/8%</u>
TOTAL	8 ¼%

### State and Federal Taxes

Please consult State of Texas [www.window.state.tx.us/taxes](http://www.window.state.tx.us/taxes) and US Treasury [www.irs.gov](http://www.irs.gov) regarding State and Federal taxes.