

CENTRAL OFFICE BUILDING

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Understanding SDR Tax Levy/Mill Rate and Your Tax Bill

- The School District of Reedsburg (SDR) only has the authority to certify a total tax levy within the limits of the law and then provide each municipality with the amount that reflects their portion of the total based on property values of the municipality that lie within the district as a percent of all property values.
- The School District is made up of 20 municipalities. School property tax levies shift between municipalities depending on equalized property value changes. The following chart shows the change in each municipality's percent of all district equalized property values.

Municipality	2022-23 Equalized Value TID Out	2022-23 Percent Of District	2023-24 Equalized Value TID Out	2023-24 Percent Of District	Change In Percent Of District
T. Lyndon	\$ 304,257	0.015916642%	\$ 364,916	0.016805685%	0.000889043%
T. Seven Mile Creek	\$ 7,689,249	0.402248829%	\$ 8,510,012	0.391916437%	-0.010332392%
C. Reedsburg	\$ 766,367,800	40.091112954%	\$ 871,020,800	40.113617713%	0.022504759%
T. Dellona	\$ 75,989,369	3.975243187%	\$ 85,682,640	3.945991491%	-0.029251696%
T. Delton	\$ 2,530,251	0.132365398%	\$ 2,933,063	0.135078023%	0.002712625%
T. Excelsior	\$ 159,735,466	8.356265243%	\$ 182,200,381	8.390978069%	0.034712826%
T. Franklin	\$ 15,554,908	0.813726221%	\$ 17,516,378	0.806691747%	-0.007034474%
T. Freedom	\$ 45,396,704	2.374844543%	\$ 50,176,882	2.310824567%	-0.064019976%
T. Homey Creek	\$ 1,884,561	0.098587320%	\$ 2,081,183	0.095845908%	-0.002741412%
T. Ironton	\$ 53,469,216	2.797143067%	\$ 59,996,032	2.763031482%	-0.034111585%
T. LaValle	\$ 372,910,577	19.508126599%	\$ 429,893,562	19.798133413%	0.290006814%
T. Reedsburg	\$ 141,538,800	7.404340342%	\$ 163,591,100	7.533954237%	0.129613895%
T. Washington	\$ 434,673	0.022739113%	\$ 498,345	0.022950567%	0.000211454%
T. Westfield	\$ 64,559,800	3.377326440%	\$ 72,769,500	3.351295290%	-0.026031150%
T. Winfield	\$ 124,108,600	6.492511691%	\$ 136,824,900	6.301275162%	-0.191236529%
T. Woodland	\$ 509,160	0.026635763%	\$ 586,813	0.027024834%	0.000389071%
V. Ironton	\$ 11,630,700	0.608438543%	\$ 12,187,400	0.561273284%	-0.047165259%
V. LaValle	\$ 20,021,100	1.047366789%	\$ 22,740,500	1.047281217%	-0.000085572%
V. Loganville	\$ 19,069,100	0.997564671%	\$ 20,335,000	0.936499354%	-0.061065317%
V. Rock Springs	\$ 27,861,000	1.457496646%	\$ 31,474,900	1.449531522%	-0.007965124%
	\$ 1,911,565,291	100.000000001%	\$ 2,171,384,307	100.000000002%	0.000000001%
Total Change in SDR Equalized Property Value			\$ 259,819,016		
Total Percent Change in SDR Equalized Property Value			13.6%		

- Two goals of the Board of Education for 2023-2024 in determining the total tax levy:

- Maintain a consistent tax rate

This remained a goal from the previous fiscal year; however, because of the second straight large increase (13.6%) in property values, the Board made the decision to lower the target mill rate, from \$7.63 to \$7.00, to reduce the impact of the property value increase.

- Pre-pay debt

The total levy includes an amount of \$3,346,706 for the purpose of paying off existing voter approved debt obligations early.

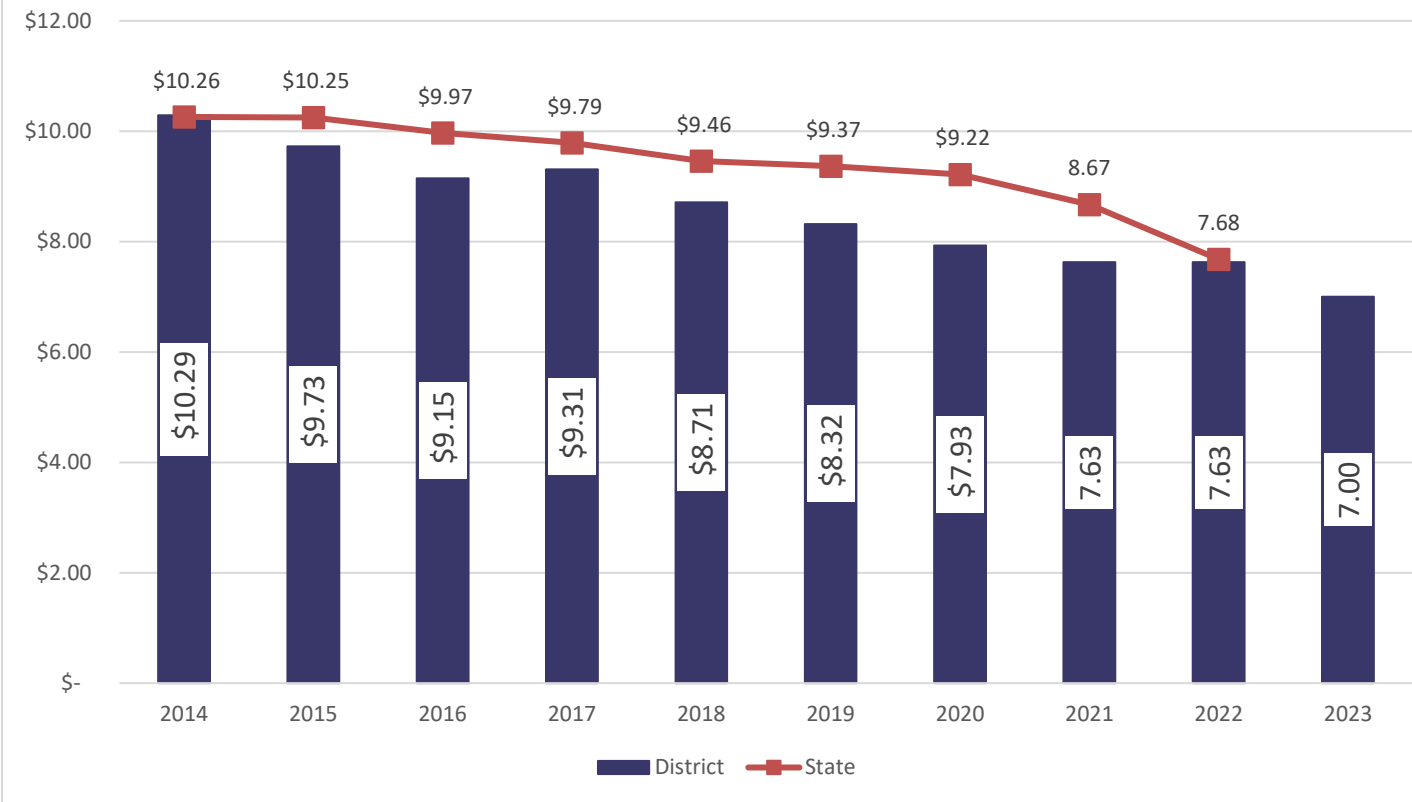
✓ The SDR meets both objectives with the final levy approved by the Board.

- The SDR's total 2023-2024 tax levy is \$15,199,690. A district's revenue limit calculation determines the maximum a district can levy for general operations in the General Fund (Fund 10). The only way a district can exceed its revenue limit taxing authority is through the approval of an operational referendum by the electorate. The district's revenue limit allows a total taxing authority of \$9,702,565 to support its General Fund (10) budget to maintain district operations. In addition, \$5,247,125 to pay off outstanding voter-approved debt obligations, including \$3,346,706 to pay off debt early has been levied for the Referendum Approved Debt Service Fund (Fund 39); and \$250,000 to support its Community Service Fund (80) activities, which include a portion of CAL Center operations, the amount to operate the after school community learning center in excess of expected grant funds, and funding for our partnership with the City of Reedsburg/Police Department for school resource officers are also included in the total amount of taxes to be collected.

Total Tax Levy Breakdown:		2023-2024
General Fund	Fund 10	<u>\$9,702,565.00</u>
Non-Referendum Debt Service	Fund 38	\$0.00
Capital Expansion	Fund 41	<u>\$0.00</u>
Total Revenue Limit Levy		\$9,702,565.00
Referendum Approved Debt Service	Fund 39	<u>\$5,247,125.00</u>
Community Service	Fund 80	<u>\$250,000.00</u>
		<u>\$15,199,690.00</u>
Total Property Taxes		<u>\$ 2,171,384,307</u>
Equalized Property Value (EPV)		\$7.00
Mill Rate (per \$1,000 EPV)		

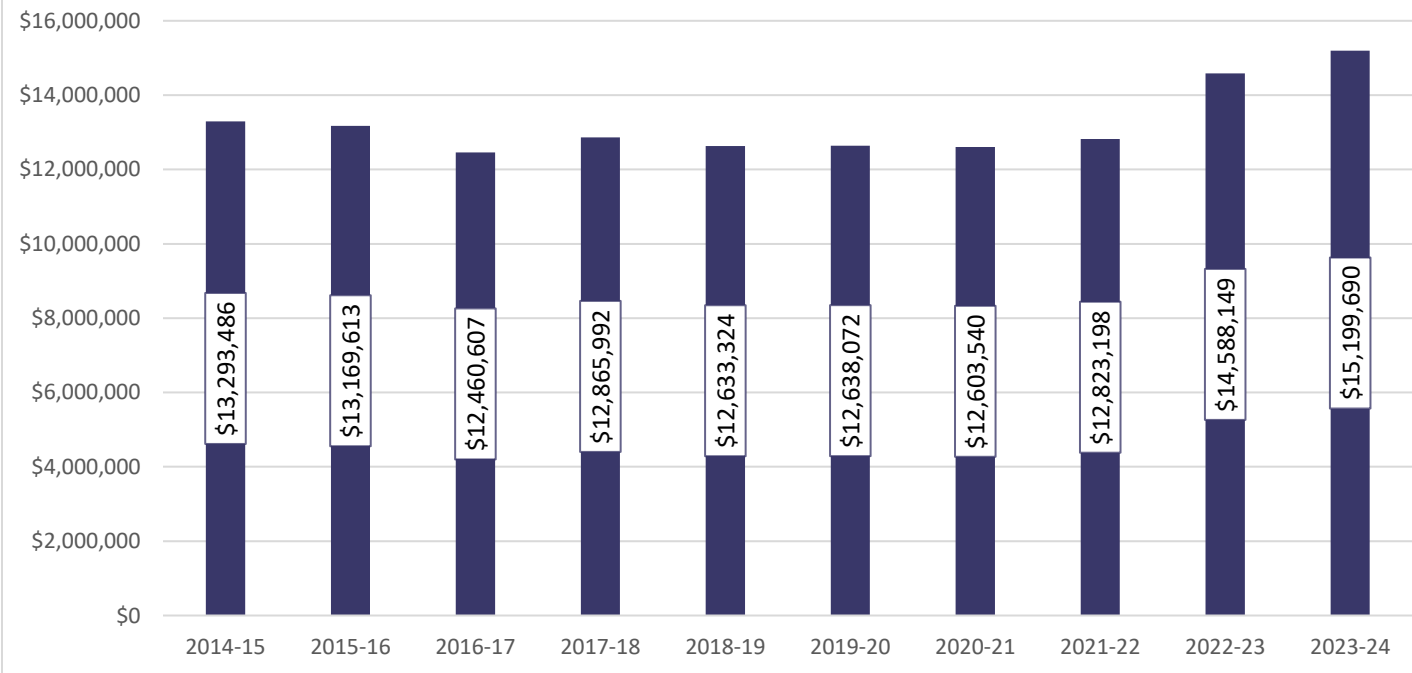
- The total increase in the amount of total property taxes from 2022-2023 is \$611,541, or 4.19%.
- The SDR's mill rate is down from last year, from \$7.63 to \$7.00 per \$1,000 of equalized property value.
- The SDR's mill rate has consistently been one of the lowest in our conference and is below the State average.

Historical Levy Mill Rates



- Below is a chart of our historical total tax levies.

Tax Levy History



- Because the total equalized property value in the SDR went up by 13.6%, the total taxes generated by the 2023-2024 mill rate of \$7.00 is more than the total taxes generated for last year at a \$7.63 mill rate. Because we are collecting more in total tax dollars, the impact on individual tax bills will most likely be an increase in the Reedsburg Schools' portion of the bill. The following chart shows the property tax change that could be expected for various property values for 2023 with the 13.6% increase in value over their 2022 value and at a mill rate of \$7.00 per \$1,000 of value.

Equalized Property Value (FMV) 2022	2022 Taxes (7.63152)	Equalized Property Value (FMV) 2023 w/13.6.0% Increase	2023 Taxes (\$7.00)	\$ Change	% Change
\$100,000	\$763.15	\$113,600	\$795.20	\$32.05	4.20%
\$150,000	\$1,144.73	\$170,400	\$1,192.80	\$48.07	4.20%
\$200,000	\$1,526.30	\$227,200	\$1,590.40	\$64.10	4.20%
\$250,000	\$1,907.88	\$284,000	\$1,988.00	\$80.12	4.20%
\$350,000	\$2,671.03	\$397,600	\$2,783.20	\$112.17	4.20%
\$400,000	\$3,052.61	\$454,400	\$3,180.80	\$128.19	4.20%

- School Levy Tax Credit – the credit comes off the School District portion of the tax bill. As part of the State's commitment to fund education comes in the form of the school levy tax credit, the school portion of the taxpayer's tax bill is reduced by the amount of credit that is based on their property's assessed value as a percent of the municipality's total assessed value. For the 2023-2024 school year, the State of Wisconsin increased funding for the school levy tax credit by \$255 million. The increase in tax relief for district taxpayers is approximately \$700,000.
- If your municipality is communicating mill rate information by taxing jurisdiction, the rate the municipality reports for the SDR's portion could be very different than the SDR's mill rate. The SDR's mill rate is based on equalized property values determined by the Wisconsin Department of Revenue each year. Municipalities calculate mill rates based on the assessed value of the individual taxpayer's property.
- Municipalities are not required to revalue properties annually. It could be a couple of years since a taxpayer's municipality did that. If their property was not revalued this past year, the assessed values would not include the same economic changes in values that are reflected in the increase in equalized property values that the SDR used this year. Because they could be calculating their mill rates based on the same assessed values as they were up to five years ago, their mill rate could be much higher than the SDR's. Splitting a higher levy over the same amount of assessed value results in a higher mill rate. (levy divided by assessed property values)

HELPFUL DEFINITIONS

Assessed Value (Used by municipalities in calculating individual property taxes)

The dollar amount assigned to taxable real and personal property by the assessor for the purpose of taxation. Assessed value is estimated as of January 1 and will apply to the taxes levied at the end of that year. Assessed value is called a primary assessment because a levy is applied directly against it to determine the tax due. Accurate assessed values ensure fairness between properties within the taxing jurisdiction. (See equalized value for fairness between municipalities.)

Assessment Level

The assessment level is the relationship between the assessed value and the equalized value of nonmanufacturing property minus corrections for prior year over- or under-charges within a municipality-town, village, or city. For example, if the assessed value of all the property subject to property tax in the municipality is \$2.7 million, and the equalized value (with no prior year corrections) in the municipality is \$3 million, then the assessment level is said to be 90% ($\$2,700,000 / \$3,000,000 = .90$ or 90%).

Municipalities must revalue at least once every five years. In addition, at least once every five years, assessments for each major class of property must be within 10% of market value. State law defines a major class as a property type-residential, commercial, agricultural, etc.

If the municipality's Average Assessment Ratio goes down and the Total Assessed Value remains the same, the reported mill rate for the taxing jurisdiction in that municipality will go up. However, whether the property in the municipality is assessed at 90% of market value or 110% of its market value has no effect on your particular tax bill so long as your neighbors are also being assessed at that same 90% or 110%. This is the concept of uniformity and the basis for Wisconsin tax law.

Equalized Value (Used by school districts in calculating levy and mill rate)

Equalized value is the estimated value of all taxable real and personal property in each taxation district, by class, as of January 1 and certified by the Department of Revenue on August 15 of each year. The value represents market value (most probable selling price), except for agricultural property, which is based on its use (ability to generate agricultural income), and agricultural forest and undeveloped lands, which are based on 50% of their full (fair market) value.

Fair Market Value

Fair market value is synonymous with a property's full value, market value, or, in the case of personal property, true cash value. Fair market value is "the amount the property will sell for in an arms-length transaction on the open market between a willing seller not obliged to sell the property and a willing buyer not obliged to purchase it." -Waste Management v. Kenosha County Review Board 184 Wis. 2nd 541, (1994)

School Levy Tax Credit - Courtesy of the Wisconsin Association of School Boards (2012)

Part of the state's commitment to fund education comes in the form of the school levy tax credit. What makes this aspect of funding confusing is that while the state considers these dollars a part of its commitment to education, this credit is not paid directly to schools. Instead, they function to offset individual school property tax bills. In effect, through these credits, the state "buy[s] down" a portion of each taxpayer's property tax bill. In November, when a school district sets its property tax levy, it sets a gross levy amount. In December, when property tax bills are issued, the bills show a net levy amount. The difference is paid by the state through these credits. The amounts allotted through [the levy credit] are based on a formula that generally provides more funds to municipalities that have higher property taxes for schools.

Formula for calculating the school levy tax credit - Courtesy of the Wisconsin Department of Revenue:

1. Calculate Municipality's 3-Year Average School Levies
2. Calculate State's 3-Year Average School Levies
3.
$$\frac{\text{3-Year Average School Levies}}{\text{3-Year Average State School Levies}} \times \text{SLTC Funding in State Budget} = \text{Municipality's Credit}$$

- Is the school levy tax credit paid to the school district? No. The Wisconsin Department of Revenue (DOR) distributes this credit to counties and municipalities. DOR makes the payments directly to the county where the municipality is located, and then the county distributes the payment to the municipality.
- When are towns, villages, and cities notified of the school levy tax credit amount? DOR must inform municipalities of their school levy tax credit payments on or before November 20 of each year.
- How is the school levy tax credit reported on individual property tax bills? On property tax bills, the school levies are reported after subtracting the school levy tax credits. The amount of the school levy tax credit for the current year is listed in a separate box on each property tax bill.
- How does a property owner qualify for the school levy tax credit? The school levy tax credit is applied to every taxable property. The credit amount is based on the property's assessed value as a percent of the municipality's total assessed value.