

CENTRAL OFFICE BUILDING

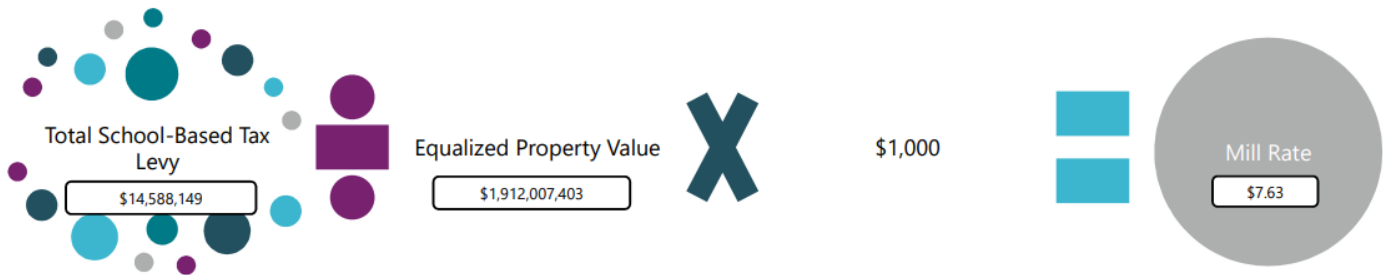
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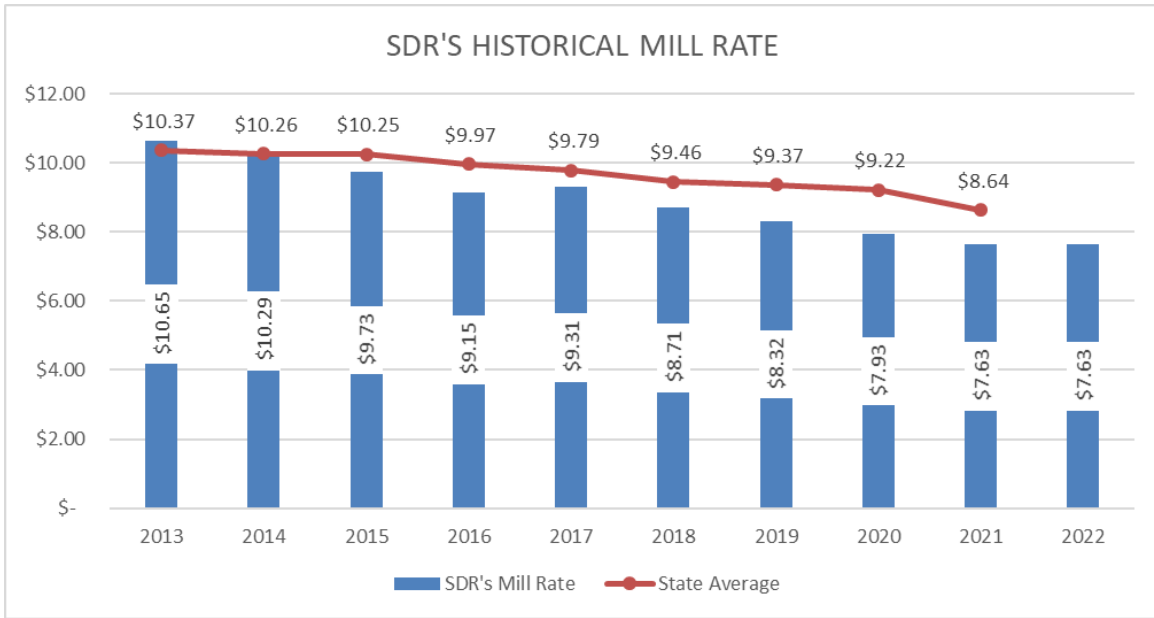
www.rsd.k12.wi.us

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.
- Two goals of the Board of Education for 2022-2023 in determining the total tax levy:
 1. Maintain a consistent tax rate
 2. Pre-pay debt
 - ✓ The SDR meets both objectives with the final levy approved by the Board.
- The SDR's total 2022-2023 tax levy is \$14,588,149. This amount includes \$9,373,734 to support its General Fund (10) budget to maintain district operations; \$4,964,415 to pay off outstanding voter-approved debt obligations, including \$2,899,371 to pay off debt early; 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.



- The SDR's mill rate did not go up from last year and remains at \$7.63 per \$1,000 of equalized property value.
- The SDR's mill rate has consistently been one of the lowest in our conference and is well below the State average. For 2021-2022, the SDR's mill rate was the lowest in the conference by \$0.31 and was \$1.01 lower than the State average.
- The SDR has reduced its mill rate every year for the past nine years and left it level for the current year. Taxpayers have benefited from those historical reductions with a net reduction in actual tax levies of **\$857,714** over the past nine years:



- Because the total equalized value of property in the SDR went up by 13.76%, the total taxes generated by the 2022-2023 mill rate of \$7.63 is more than those generated by that same \$7.63 mill rate in 2021-2022. 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.

Equalized Value	2021 Taxes (\$7.6315)	Value 2022 w/13.76% Increase	2022 Taxes (\$7.6315)	\$ Change	\$/Day
\$150,000	\$1,145	\$170,640	\$1,302	\$158	\$0.43
\$200,000	\$1,526	\$227,520	\$1,736	\$210	\$0.58
\$250,000	\$1,908	\$284,400	\$2,170	\$263	\$0.72

- 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.
- 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.