

Technical Advisory Group Local Revenue

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School finance research since 1995

Primary Sources of Local Revenue

- **Property Taxes:** for school districts and other local governments
- **Specific Ownership taxes** – varies by district
- **Sales Taxes** – limited for education

Quick Facts

- **Local Boards of Education have taxing authority**
- The **value of a mill varies** from \$20,000 to \$1,000,000 – depending upon the property wealth of a community.
- **Non-residential property owners pay 3 to 4 times more than residential**

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School District Impact

- **1994:** school districts were to contribute approximately 40 mills towards school finance or a 50% local contribution.
- **Today:**
 - District average mill for school finance is 25 – the range being from less than 2 to 27
 - Approximately 10 districts receive 90% state aid and 10% local
 - Approximately 12 districts receive 90% local and 10% state

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Other Considerations:

- School districts raise mill levies for:
 - **Revenue generated for school finance** (dollars inside the formula)
 - **Capital construction** (outside the formula)
 - **Local overrides** (outside the formula)
 - 1988 was limited to 5% of total program as concern for equity and capacity between school districts.
 - Through legislative action this is now 25% plus of total program. (outside the formula)

Moving Forward

- Questions:
 - Should local school districts generate more revenue towards school finance?
 - Who has authority to make this change?
 - Why was K-12 treated differently than other local governments and forced to lower mills versus a temporary timeout?
 - Mills generated within a school district vary by community – in addition to income variances

Revenue Goals

- Establishing who pays.
- What type of tax?
- Is it sustainable?
- Is it equitable?
- Is it adequate?
- Is it adaptable?
- How much is being raised? What is the revenue amount trying to support?

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