What is a mill?

A “mill” is one-tenth of a cent (.001)

The tax rate expressed as mills is applied each year to the “assessed” valuation (auditor’s value) of real property. Assessed valuation is 7.20 percent of the appraised value of the property. So, for every $100 in “assessed value”, a mill produces 10 cents.

How much am I paying in property taxes for District 11 schools?

Example: A mill (.001) produces a $1.00 for every $1,000 worth of property it is levied against. We will use $200,000 as the fair market value for this example.

<table>
<thead>
<tr>
<th>Fair Market Value (Auditor's Value)</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Times Assessed Value Rate</td>
<td>7.20%</td>
</tr>
<tr>
<td>= Taxable Value</td>
<td>$14,400</td>
</tr>
<tr>
<td>Times New Millage Requested (1 mill for example purposes)</td>
<td>0.001</td>
</tr>
<tr>
<td>= Cost of Levy</td>
<td>$14.40</td>
</tr>
</tbody>
</table>

What is the difference between an operating levy, an override levy and a bond levy?

- **Operating levies** are for the day-to-day expenses of running your school district. District 11 has continuing operating levies.
- **Override levies** are allowed with voter approval. Overrides allow districts to raise and spend property taxes over and above those that support the school finance act. Overrides are limited to 25 percent of a district’s total funding or $200,000 whichever is greater.
- **Bond levies** are used to provide local revenue for construction purposes and/or land acquisitions. Proceeds from the levy are used to pay the principal and interest on construction bonds. They are offered for a specified dollar amount and a specified period of time.

How does the school district determine how much to levy?

Money to fund the school finance act comes from a combination of local and state sources. The percentage of state vs. local sources varies between school districts, because districts have different amounts of property wealth and different tax rates.

A district’s local share comes from two sources – property taxes and specific ownership taxes. Property taxes are paid on real estate; specific ownership taxes are paid on motor vehicles. Of the two taxes, property taxes produce the vast majority of the local contribution, roughly 93 percent of the total.

Statewide, property taxes contribute just over a third of the total of school district funding. A school district’s property taxes are the result of multiplying a district’s taxable property (assessed value) by its property tax rate (mill levy). The assessed value of a district is determined each year, and it includes all taxable property in the district.

State law requires most districts to impose the mill levy from the prior year. In cases where a school district has obtained voter approval to retain and spend revenues in excess of the constitutional property tax revenue limit, a modified mill levy formula applies – the change in a school district’s property tax revenue is limited to the sum of the state inflation rate and the percentage change in the district’s enrollment. If a district’s property taxes will exceed that amount with the prior year’s levy, the district must reduce its mill levy so that property tax revenue does not grow more than the maximum allowed.

The law also includes a ceiling on mill levies. A district’s levy cannot be higher than the levy required to cover the district’s total funding less specific ownership tax revenue. This levy calculation, designed for districts with very high property wealth, affects districts in the current budget year.

In any case, for all districts, the maximum mill levy for school finance is set at 27 mills.