

Using property tax collections to ensure a system that is efficient and fair to both taxpayers and children

Our Goals – A property tax system that...

1. Makes efficient use of property taxes collected for the purpose of funding public education
2. Is understandable and transparent for all
3. Provides a stable funding stream for public schools
4. Automatically reduces property tax rates
5. Provides tax rate relief to all classes of taxpayers

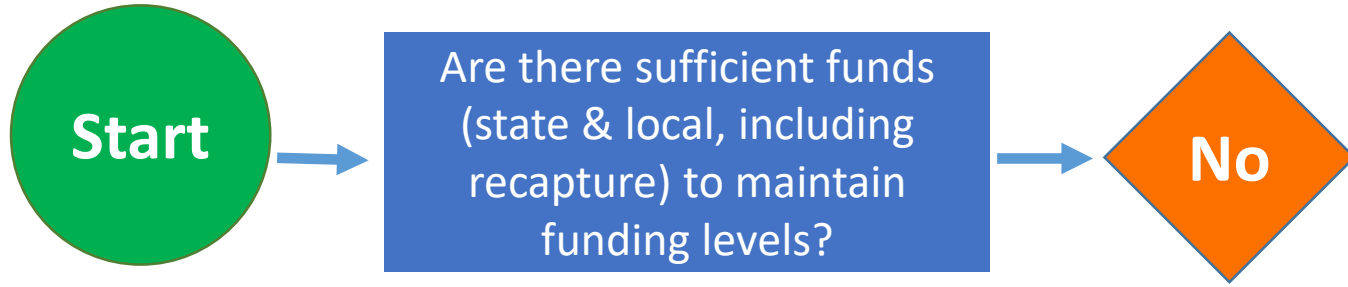
Disclaimer

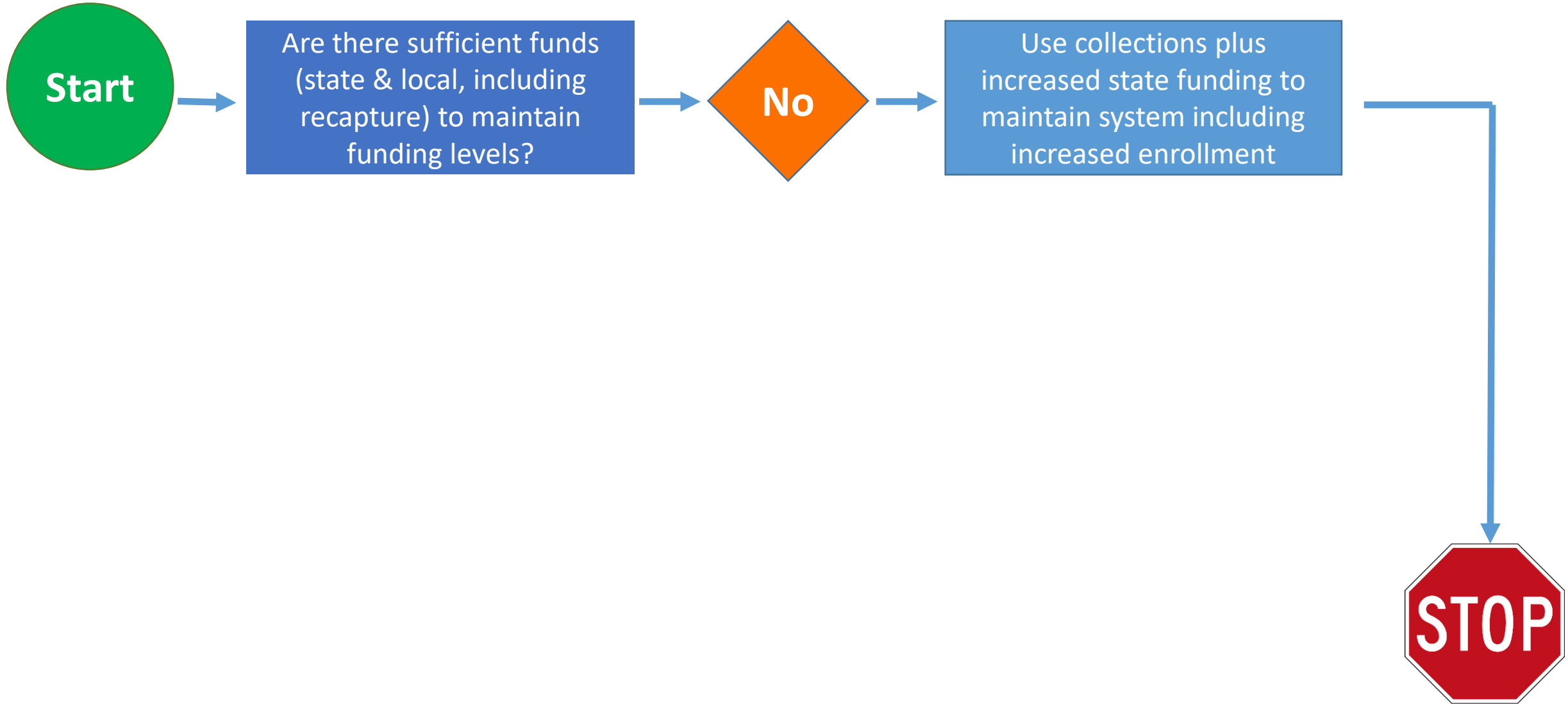
- This, like any other attempt to create a tax system that is reasonable, efficient, and fair for taxpayers and children, will not work within a distribution system that is none of those things.
- The following represents a preliminary proposal with respect to how a property tax usage system, *within a fair and efficient funding system*, might be developed that would meet all five goals.

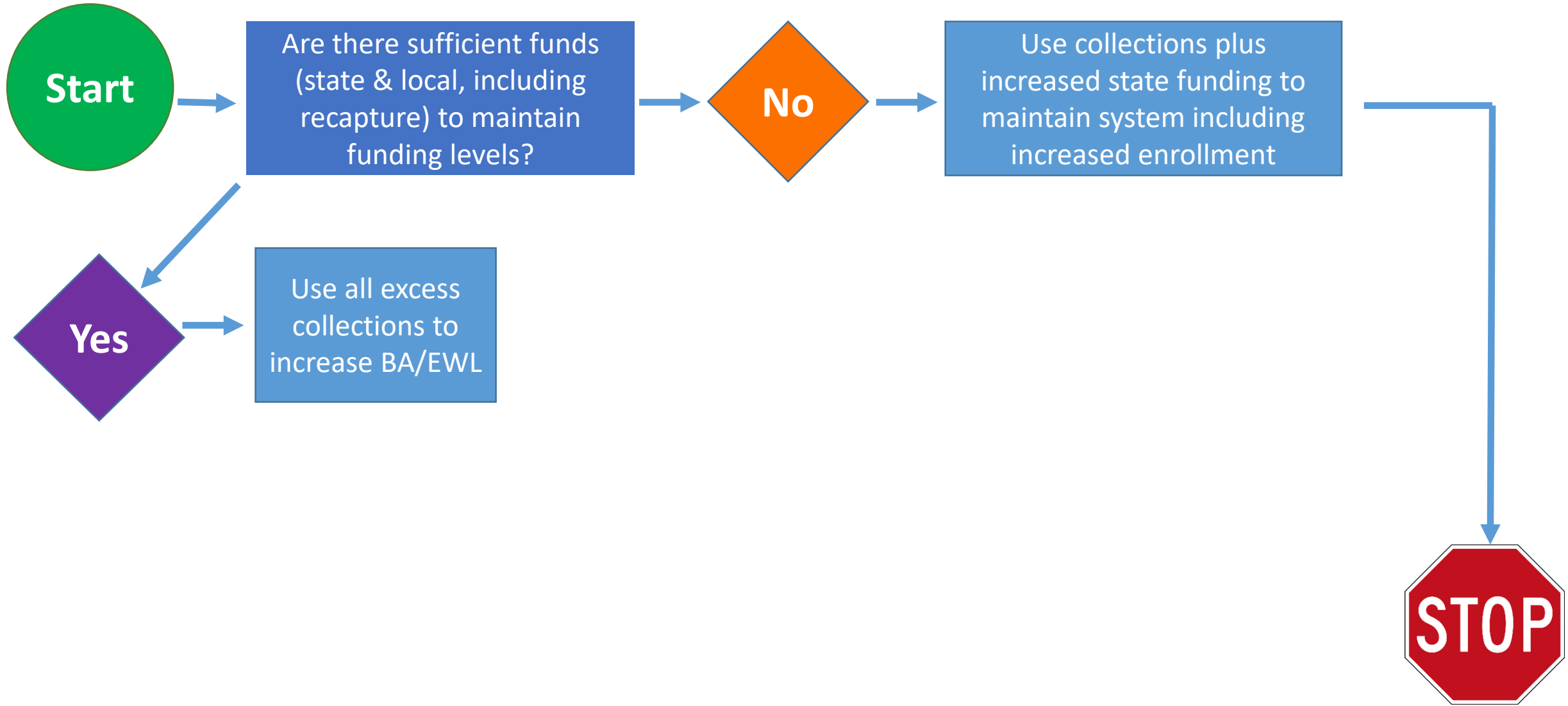
In other words...

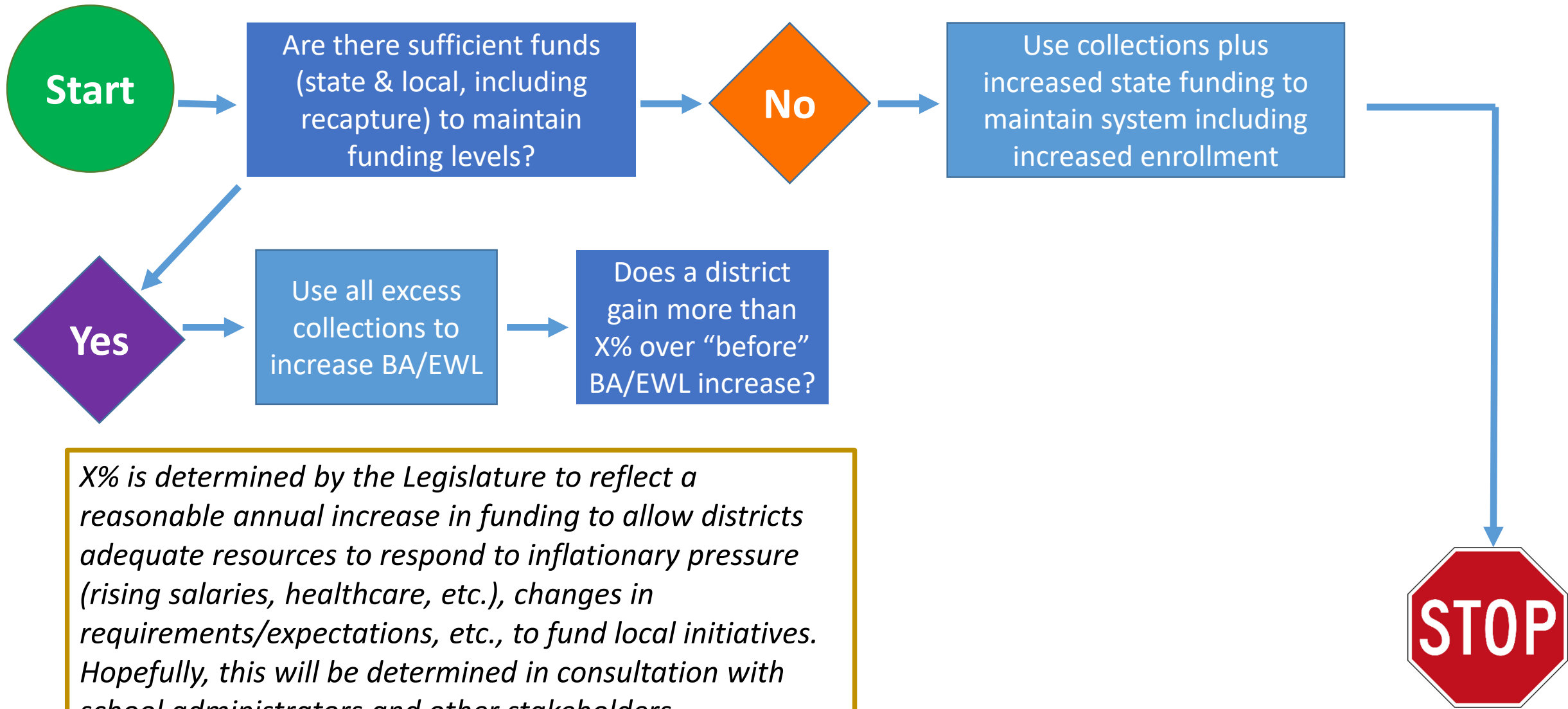
- You can't put fair and efficient on top of corruption and expect it to work
- That would be as if you had a gallon of water in your gas tank and tried to fix it by adding a gallon of good gas. *It still won't run.*

Hierarchy of Usage of Property Tax Collections

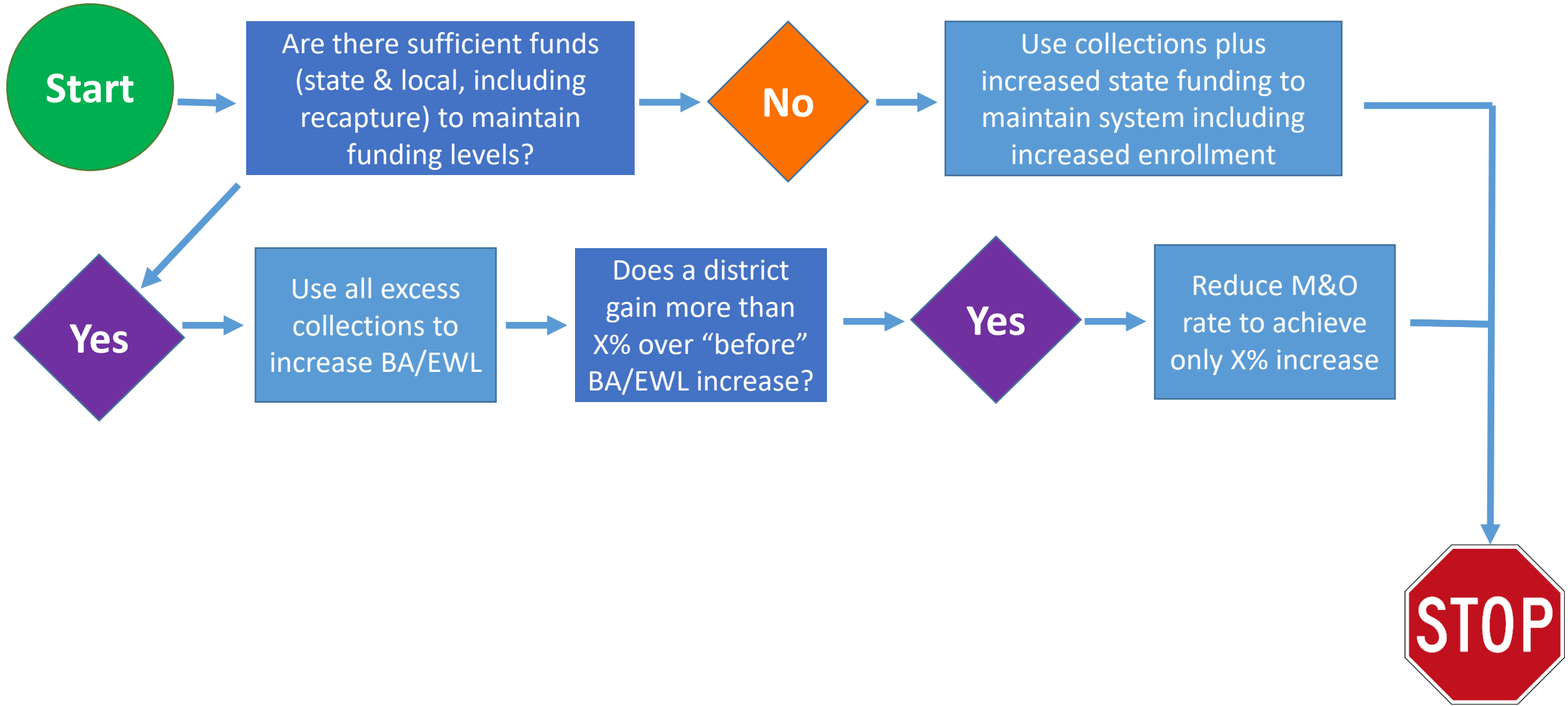


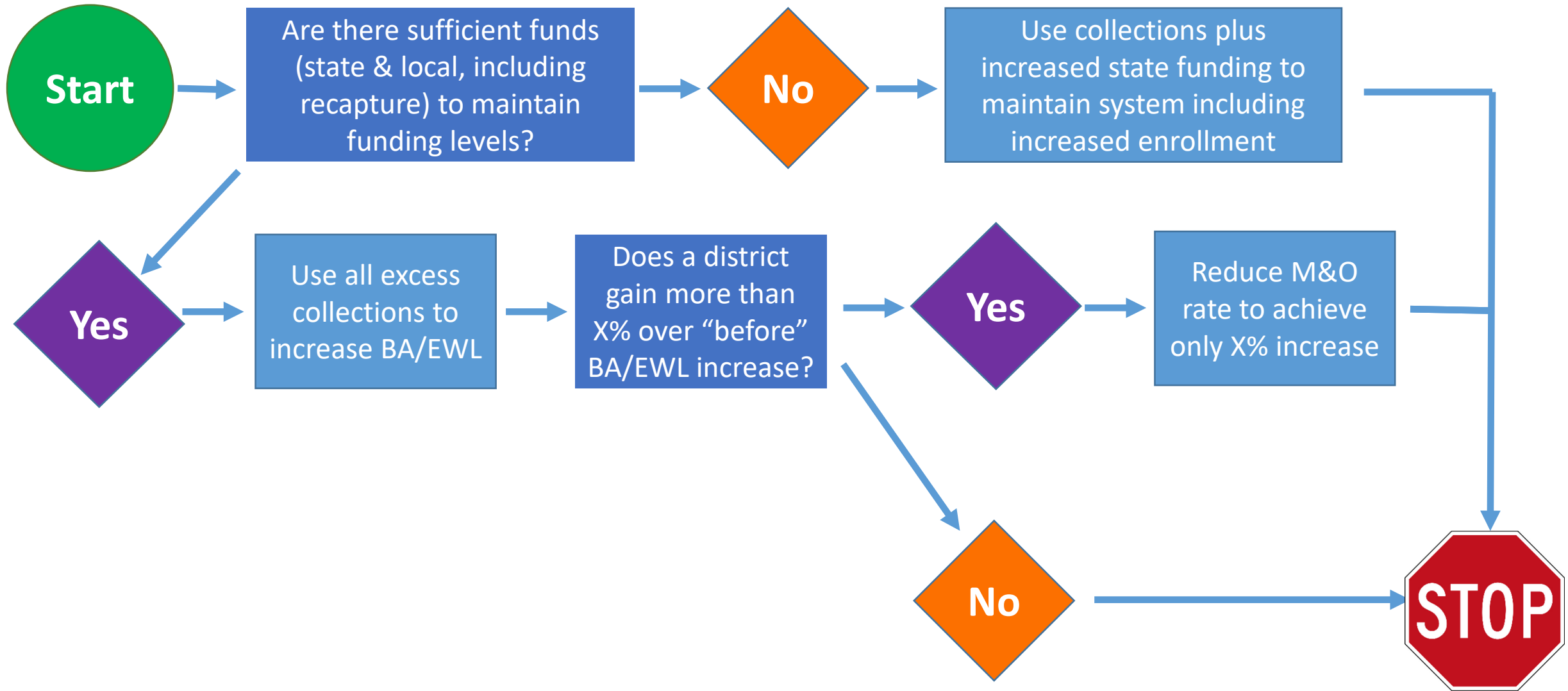






X% is determined by the Legislature to reflect a reasonable annual increase in funding to allow districts adequate resources to respond to inflationary pressure (rising salaries, healthcare, etc.), changes in requirements/expectations, etc., to fund local initiatives. Hopefully, this will be determined in consultation with school administrators and other stakeholders.





Hierarchy of Property Tax Rate Response

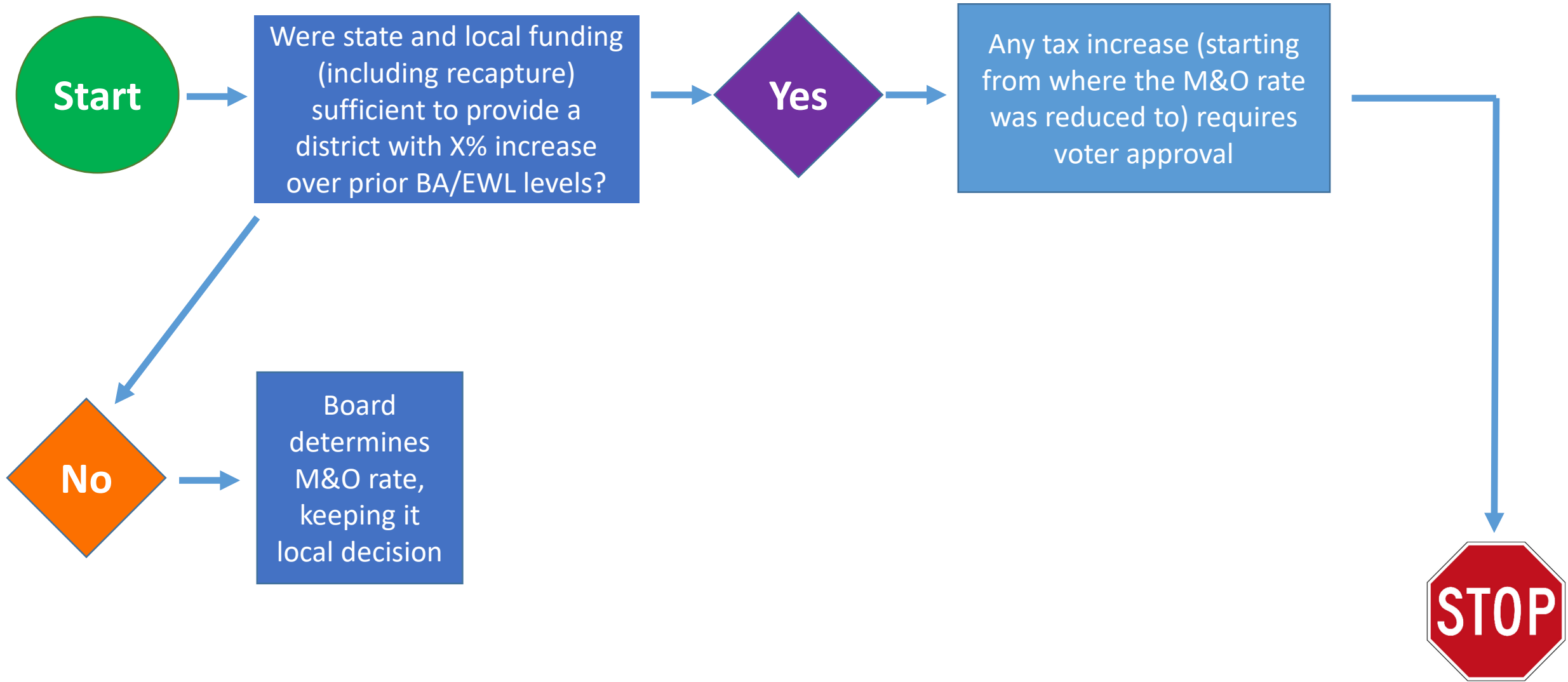


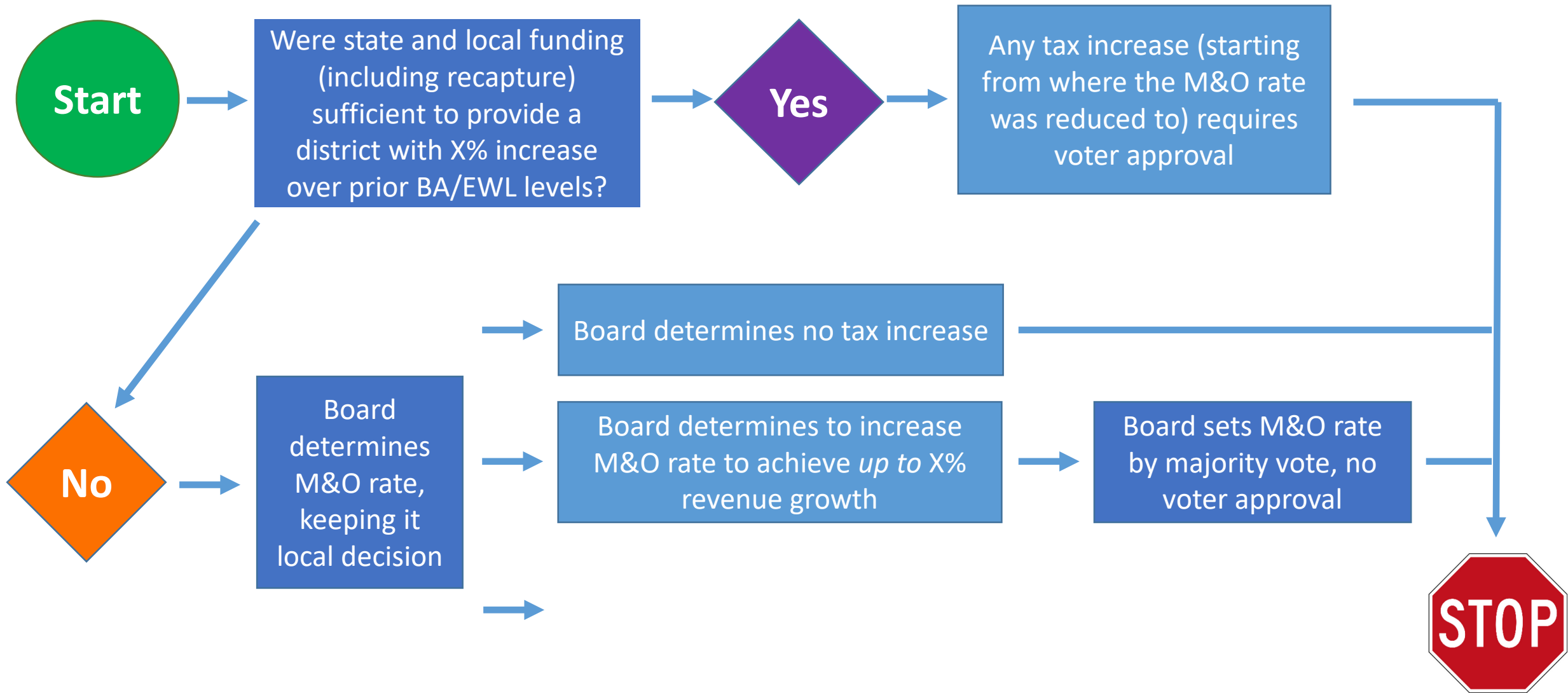
Were state and local funding (including recapture) sufficient to provide a district with X% increase over prior BA/EWL levels?

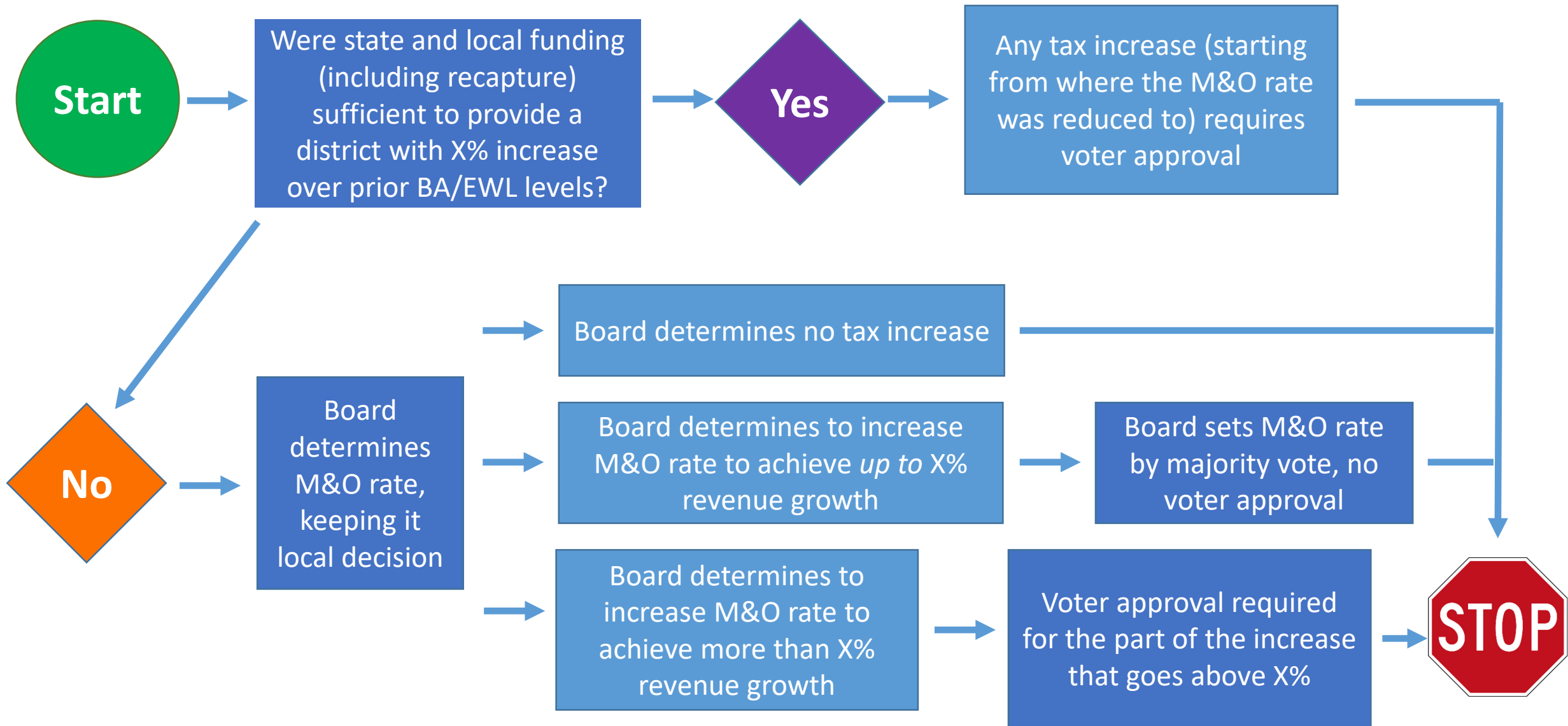


Any tax increase (starting from where the M&O rate was reduced to) requires voter approval









State Involvement

1. The state would not reduce the amount of its current share, but would not be required to increase it other than currently provided in law (i.e., state share in response to tax increases)
2. The state could increase its share in years when property tax collections did not provide X% increase in revenue
3. The state could increase its share to update the system
4. The state could increase its share to provide more property tax relief
 - Increase $< X\%$ - reduces local pressures to increase tax rate to achieve X% revenue growth
 - Increase $\Rightarrow X\%$ - goes straight to property tax rate reduction

Benefits

1. Ends current automatic shifting of the burden for public education onto local property taxes
2. Restores capacity to the system by lowering tax rates
3. Tax relief would be universally applied to all property tax payers, not just one segment, leaving others to carry the burden
4. State maintains control with respect to providing additional funding while assuring districts have access to the funds they need
5. Recognizes that school funding (state and local partnership) makes it impossible for the same methodology that might be used for cities, counties, etc., but accomplishes the same goal