



# A Primer on School Levy Tax Credits

WASBO Webinar  
With Assistance from PMA Financial Network

October 12, 2023

# Purpose of the Webinar

- Explain concept of school levy tax credits (SLTC) and why they matter
- Discuss how the SLTC relates to the October school district tax levy
- Provide reliable estimates of each school district's school levy credit for 2023
- As always, our role isn't to tell you what to do. We attempt to provide accurate, non-partisan, financial data to help you make informed decisions

# Panelists for the Webinar:

- Andy Weiland, Business Manager, Oregon School District
- Pete Grender, Director of Finance, Verona Area School District
- Erik Kass, Director, Public Finance, PMA Financial Network
- Mike Barry, Exec. Director, WASBO

# School Levy Credits: The Missing Puzzle Piece

## Increase



Revenue limit: + \$325 per pupil



Low revenue ceiling Up to \$11,000



Significant new voucher costs



Elimination of High Poverty Aid



Successful operating referenda

## Decrease



More Equalization Aid



After Levy: School Levy Tax Credits

# Equalization Aid vs School Levy Credits

Both equalization aid & school levy credits ultimately provide property tax relief but how (and to whom) they provide tax relief is different

# Equalization Aid vs School Levy Credits

Both equalization aid & school levy credits are included in the calculation of “two-thirds funding” by the state

## Purpose of Equalization Aid:

“To minimize the differences among school districts’ abilities to raise revenues for educational programs.”  
(LFB Paper #632)

# Differing Effects of Equalization Aid and School Levy Credits

## Equalization Aid:

Property poor/low spending districts will receive more state support when funds are channeled as equalization aid vs school levy credits



# Differing Effects of Equalization Aid and School Levy Credits

## School Levy Credits:

Property wealthy/high spending districts will receive more state support when funds are channeled as levy credits rather than equalization aid

# School Levy Credits

(Include school levy credits, first dollar credit,  
and the lottery and gaming credits)

Are distributed based on each municipality's  
share of the statewide levies for school purposes  
during the preceding three years

*(highest paying communities get the highest credits)*

Legislative Fiscal Bureau Paper 14:

[https://docs.legis.wisconsin.gov/misc/lfb/misc/225\\_school\\_levy\\_tax\\_credit\\_funding\\_memorandum\\_14.pdf](https://docs.legis.wisconsin.gov/misc/lfb/misc/225_school_levy_tax_credit_funding_memorandum_14.pdf)

# School Levy Tax Credit (SLTC)

(vs. Equalization Aid)

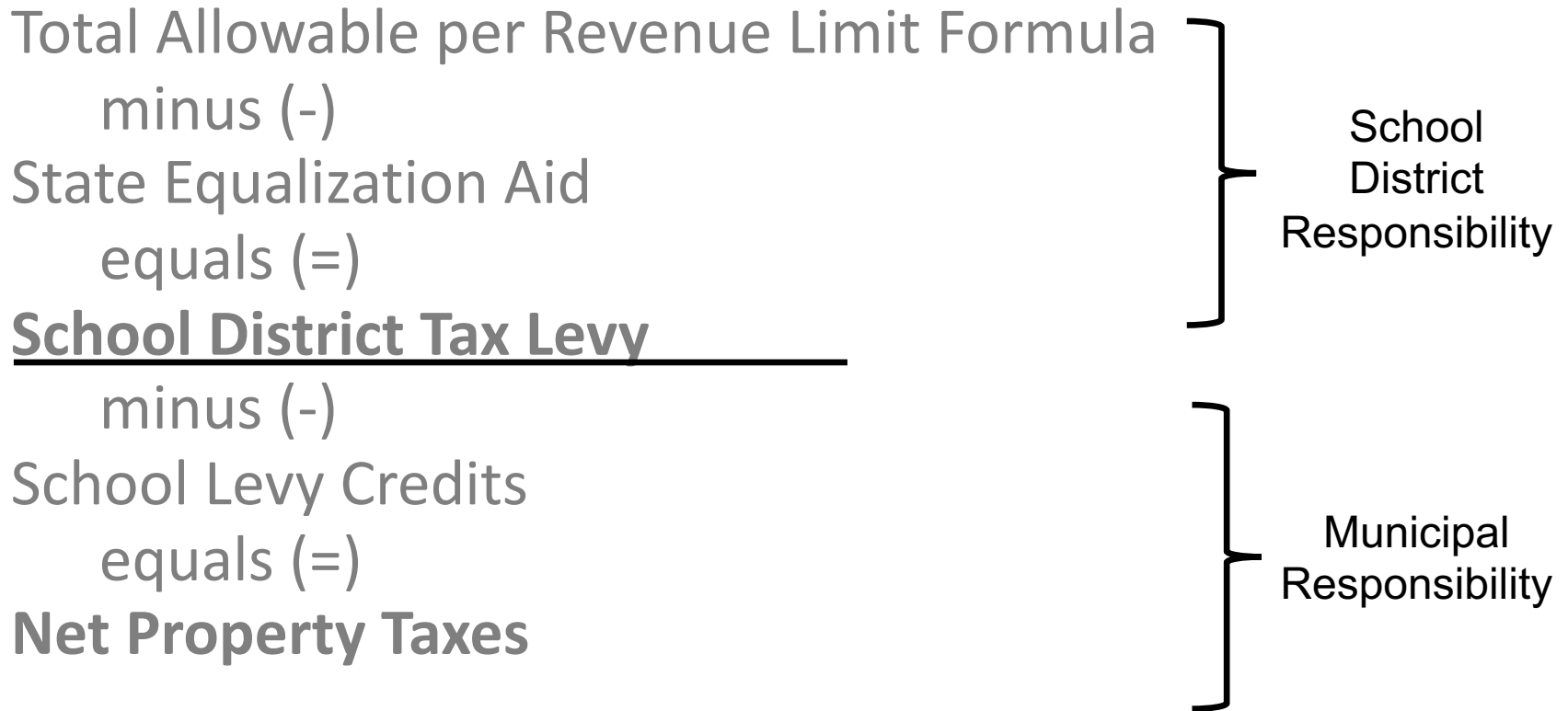
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2023-25 state budget appropriated more in SLTC over the biennium than Equalization Aids:

Increase in School Levy Credits: \$590 million 

Increase in Equalization Aid: \$543 million

# Gross and Net Property Taxes:



# SLTC as Presented on the Property Tax Bill

Assessed Value Land 115,300	Assessed Value Improvements 419,500	Total Assessed Value 534,800	Ave Assmt Rate .9899	Net Assessed Value Rate (Does NOT reflect Lottery Credit) 14.0172/M
Est Fair Mkt Land 116,500	Est Fair Mkt Improvements 423,800	Est Fair Mkt 540,300	A star in this box means unpaid prior year taxes.	School taxes reduced by school levy tax credit: 682.62
2021 Est. State Aids Allocated Tax District	2022 Est. State Aids Allocated Tax District	2021 Net Tax	2022 Net Tax	% Tax Change
OCONOMOWOC SCHL 4060	6,437,866	7,165,949	3,365.15	3,767.10 11.9
WAUKESHA TECH COLLEGE	2,114,061	2,182,171	142.86	144.29 1.0
CITY OF OCONOMOWOC	1,247,541	1,383,868	2,221.63	2,733.80 23.1
COUNTY OF WAUKESHA	259,660	264,187	796.38	824.08 3.5
LACLABELLE LAKE MGMT			22.79	27.11 19.0
<b>Total</b>	<b>10,059,128</b>	<b>10,996,175</b>	<b>6,548.81</b>	<b>7,496.38 14.5</b>
WARNING: Installment option is lost if not paid by due dates. Total tax will be delinquent and subject to interest & penalty charges. See reverse side for other important information.		First Dollar Credit	63.96	70.16 9.7
		Lottery and Gaming Credit	226.84	230.31 1.5
		Net Property Tax	6,258.01	7,195.91 15.0
Make Check Payable to: CITY OF OCONOMOWOC PO BOX 27 OCONOMOWOC WI 53066	Full Payment Due on or Before January 31, 2023 \$7,390.91	GARBAGE / RECYCLING	195.00	
	First Installment Due on or Before January 31, 2023 \$2,440.91			
When paying after July 31, 2023 Make Check Payable to: WAUKESHA COUNTY TREASURER 515 W MORELAND BLVD WAUKESHA WI 53188	Second Installment Due on or Before April 30, 2023 \$2,475.00	O T H E R		
	Third Installment Due on or Before July 31, 2023 \$2,475.00			

FOR INFORMATIONAL PURPOSES ONLY –  
Voter Approved Temporary Tax Increases:

Taxing Jurisdiction  
School Referendum 4049

Total Additional Taxes  
\$1,037,804.80

Total Additional Taxes  
Applied to Property  
\$176.99

Year  
Increase Ends  
2038

The City's mill rate increased \$0.74 per \$1,000 of assessed value due to the Western Lakes Fire District referendum passed on August 9th, 2022.



# School District Tax Levy Vote in On or Before November 1, 2023

## Three Examples of How to Address the SLTC Issue

## Scenario # 1:

Present the Tax Levy to be Adopted by the School Board without Reference to the School Levy Credit

Levy by Fund	2022-23	2023-24	\$ Difference	% Inc./Dec.
Fund 10	\$56,967,166	\$61,045,109	\$4,077,943	7.16%
Fund 39	\$9,215,865	\$8,524,620	-\$691,245	-7.50%
Fund 41	\$2,001,000	\$1,000,000	-\$1,001,000	-50.02%
Fund 80	\$956,638	\$956,638	\$0	0.00%
Fund 10 Chargeback	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>	<u>0.00%</u>
<b>Total Levy</b>	<b>\$69,150,669</b>	<b>\$71,536,367</b>	<b>\$2,385,698</b>	<b>3.45%</b>
<b>Equalized Values</b>	<b>\$6,065,848,145</b>	<b>\$6,762,187,398</b>		
<b>Mill Rate</b>	<b>\$11.40</b>	<b>\$10.58</b>		

*Note: This example is based on a high property value school district, so the SLTC impact is especially impactful.*

## Scenario # 2

Present the Tax Levy to be Adopted by the School Board, adding a “Footnote Reference” to School Levy Credit

<b>Levy by Fund</b>	<b>2022-23</b>	<b>2023-24</b>	<b>\$ Difference</b>	<b>% Inc./Dec.</b>
Fund 10	\$56,967,166	\$61,045,109	\$4,077,943	7.16%
Fund 39	\$9,215,865	\$8,524,620	-\$691,245	-7.50%
Fund 41	\$2,001,000	\$1,000,000	-\$1,001,000	-50.02%
Fund 80	\$956,638	\$956,638	\$0	0.00%
Fund 10 Chargeback	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$0</u>	<u>0.00%</u>
<b>Total Levy</b>	<b>\$69,150,669</b>	<b>\$71,536,367</b>	<b>\$2,385,698</b>	<b>3.45%</b>
<b>Equalized Values</b>	<b>\$6,065,848,145</b>	<b>\$6,762,187,398</b>		
<b>Mill Rate</b>	<b>\$11.40</b>	<b>\$10.58</b>		

The District is projected to receive an increase to the School Levy Credit estimated to be approximately \$2,528,530. Therefore, the 2023-24 net tax levy (after credits are applied) is expected to be slightly less than the 2022-23 net levy.

*Note: This example is based on a high property value school district, so the SLTC impact is especially impactful.*



## Scenario # 3

# Present the Levy to be Adopted by the School Board and Present the Tax Levy Net of the School Levy Credit

The State of Wisconsin increased the amount of money for the School Levy Credit by \$255 million for tax levies set in November of 2023.

- Equalization Aid is provided to our School District each year on October 15<sup>th</sup> and directly reduces the property tax levy
- After the School District adopts a tax levy, the Municipality applies the School Levy Credit to the actual tax bill

Levy by Fund	2022-23	2023-24	\$ Difference	% Inc./Dec.
Fund 10	\$56,967,166	\$61,045,109	\$4,077,943	7.16%
Fund 39	\$9,215,865	\$8,524,620	-\$691,245	-7.50%
Fund 41	\$2,001,000	\$1,000,000	-\$1,001,000	-50.02%
Fund 80	\$956,638	\$956,638	\$0	0.00%
Fund 10 Chargeback	\$10,000	\$10,000	\$0	0.00%
<b>Total Levy</b>	<b>\$69,150,669</b>	<b>\$71,536,367</b>	<b>\$2,385,698</b>	<b>3.45%</b>
<b>School Levy Credit</b>	<b>\$11,258,809</b>	<b>\$13,787,339</b>		
<b>Net Levy</b>	<b>\$57,891,860</b>	<b>\$57,749,028</b>	<b>-\$142,832</b>	<b>-0.25%</b>
<b>Equalized Values</b>	<b>\$6,065,848,145</b>	<b>\$6,762,187,398</b>		
<b>Mill Rate</b>	<b>\$11.40</b>	<b>\$10.58</b>		

Note: This example is based on a high property value school district, so the SLTC impact is especially impactful.

See link to PDF  
Worksheet Posted  
in the Live Chat

# SLTC Estimates for 2023-24:

## Page 1

Total Credits to Distribute: 940,000,000 1,195,000,000

District	Estimated Credits			
	2022-23	2023-24	23-24 Estimated Increase	75% of Estimated Increase
Abbotsford	\$ 377,398	\$ 480,891	\$ 103,493	\$ 77,620
Adams-Friendship Area	\$ 2,064,352	\$ 2,478,536	\$ 414,184	\$ 310,638
Albany	\$ 569,263	\$ 726,005	\$ 156,742	\$ 117,557
Algoma	\$ 620,375	\$ 791,233	\$ 170,858	\$ 128,143
Alma	\$ 394,323	\$ 493,191	\$ 98,868	\$ 74,151
Alma Center	\$ 499,801	\$ 584,749	\$ 84,948	\$ 63,711
Almond-Bancroft	\$ 316,734	\$ 364,429	\$ 47,696	\$ 35,772
Altoona	\$ 1,179,531	\$ 1,542,381	\$ 362,849	\$ 272,137
Amery	\$ 1,565,506	\$ 2,089,324	\$ 523,819	\$ 392,864
Antigo Unified	\$ 1,520,584	\$ 1,776,662	\$ 256,078	\$ 192,058
Appleton Area	\$ 12,598,580	\$ 16,094,146	\$ 3,495,566	\$ 2,621,674
Arcadia	\$ 862,936	\$ 1,148,444	\$ 285,508	\$ 214,131
Argyle	\$ 257,133	\$ 345,032	\$ 87,899	\$ 65,924
Arrowhead UHS	\$ 3,136,411	\$ 3,838,459	\$ 702,047	\$ 526,535
Ashland	\$ 1,173,341	\$ 1,475,936	\$ 302,595	\$ 226,946
Ashwaubenon	\$ 2,953,396	\$ 3,612,347	\$ 658,951	\$ 494,213
Athens	\$ 396,924	\$ 457,119	\$ 60,195	\$ 45,146
Auburndale	\$ 463,620	\$ 593,404	\$ 129,784	\$ 97,338
Augusta	\$ 620,242	\$ 798,054	\$ 177,812	\$ 133,359

Total Credits to Distribute: 940,000,000 1,195,000,000

District	Estimated Credits			
	2022-23	2023-24	23-24 Estimated Increase	75% of Estimated Increase
Baldwin-Woodville Area	\$ 1,202,218	\$ 1,493,776	\$ 291,558	\$ 218,669
Bangor	\$ 576,979	\$ 767,423	\$ 190,445	\$ 142,834
Baraboo	\$ 3,130,223	\$ 4,079,972	\$ 949,749	\$ 712,312
Barneveld	\$ 529,834	\$ 684,223	\$ 154,389	\$ 115,792
Barron Area	\$ 992,314	\$ 1,237,934	\$ 245,621	\$ 184,215
Bayfield	\$ 1,189,958	\$ 1,514,926	\$ 324,968	\$ 243,726
Beaver Dam Unified	\$ 2,872,924	\$ 3,738,638	\$ 865,714	\$ 649,285
Beecher-Dunbar-Pembine	\$ 618,115	\$ 778,919	\$ 160,804	\$ 120,603
Belleville	\$ 1,195,245	\$ 1,627,643	\$ 432,397	\$ 324,298
Belmont Community	\$ 301,418	\$ 360,593	\$ 59,175	\$ 44,382
Beloit	\$ 3,163,116	\$ 3,561,495	\$ 398,378	\$ 298,784
Beloit Turner	\$ 1,000,158	\$ 1,250,340	\$ 250,182	\$ 187,637
Benton	\$ 185,298	\$ 219,199	\$ 33,901	\$ 25,425
Berlin Area	\$ 1,225,901	\$ 1,668,754	\$ 442,853	\$ 332,140
Big Foot UHS	\$ 1,521,288	\$ 2,015,435	\$ 494,147	\$ 370,610
Birchwood	\$ 709,276	\$ 932,247	\$ 222,971	\$ 167,228
Black Hawk	\$ 246,286	\$ 325,230	\$ 78,944	\$ 59,208
Black River Falls	\$ 1,476,110	\$ 1,809,890	\$ 333,779	\$ 250,335
Blair-Taylor	\$ 725,816	\$ 901,599	\$ 175,783	\$ 131,837
Bloomer	\$ 1,122,432	\$ 1,353,276	\$ 230,844	\$ 173,133
Bonduel	\$ 804,700	\$ 1,044,509	\$ 239,810	\$ 179,857
Boscobel Area	\$ 574,888	\$ 697,098	\$ 122,210	\$ 91,658

# KEY TAKE AWAYS FOR SCHOOL LEADERS:

- The State Budget invested heavily in School Levy Tax Credits (SLTC)
- School District leaders should be aware of SLTC impact
- SLTC data is not provided to school districts for consideration when setting the tax levy, but it can be estimated with reasonable accuracy
- Upward pressure on the tax levy, and the large increase in SLTC in the state budget make this estimate more relevant and important
- School leaders and boards will benefit from understanding the SLTC and should decide how best to use this information in their local context





# Thank You!

- All registrants will receive an email from WASBO with links to the slide deck, PDF printouts, and recording
- All resources will also be posted at [wasbo.com/advocacy](http://wasbo.com/advocacy)