

value of the municipality's taxable property to determine a rate which is applied to the individual tax bill. The school levy credit applies to all taxable property.

Tax Incremental Financing District (TIF Districts)

A contiguous geographic area within a city or village that is targeted toward eliminating blighted areas, rehabilitating areas declining in value, and/or promoting industrial development.

Tax Incremental Financing District Increment

The appreciation of equalized valuation of property within a TIF district above the base-level equalized valuation of the TIF district at the time it was created. Property taxes on the TIF increment which would normally go to school districts, counties, Technical College districts, and others, instead go to the municipality which created the TIF district to help that municipality pay for the cost of urban renewal within the TIF district.

Tax Rate

The ratio of the property tax levy to the base. The tax rate is determined by dividing the amount of the tax levy by either the total assessed value or the equalized value of the tax district. It is often expressed in terms of dollars per thousand. Also known as levy rate.

TIF-In

The equalized property tax base with the value of the Tax Incremental Financing Districts (TIF) included.

TIF-Out

The equalized property tax base with the value of the Tax Incremental Financing Districts (TIF) excluded.

RESOURCES

Wisconsin Association of School Boards

122 West Washington Avenue
Suite 400
Madison, Wisconsin 53703-2761
(608) 257-2622
www.wasb.org

Wisconsin Association of School District Administrators

4797 Hayes Road
Suite 201
Madison, Wisconsin 53704-3288
(608) 242-1090
www.wasda.org

Wisconsin Association of School Business Officials

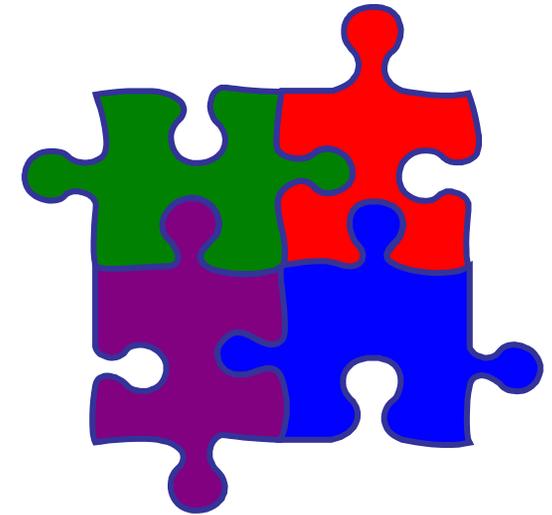
4797 Hayes Road
Suite 101
Madison, Wisconsin 53704-3288
(608) 249-8588
www.WASBO.com

Wisconsin Department of Public Instruction School Financial Services

125 South Webster Street
Madison, Wisconsin 53702
(608) 267-9114
(800) 441-4563
dpi.wi.gov

THE SCHOOL FINANCE PUZZLE:

HOW THE PIECES FIT TOGETHER



PROPERTY TAX GLOSSARY

**2011 STATE EDUCATION
CONVENTION
MILWAUKEE, WISCONSIN
JANUARY 19-21**

Apportionment

A proportional distribution of the levy of a taxing jurisdiction (school district) among all the taxing districts which contain territory in the district.

Assessed Value

The dollar amount assigned to real and personal property by the municipal (city, town, village) 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. It is important that property of equal value be assessed at equal amounts, but it is not necessary that the amounts reflect the true sale value of the property. State law requires that total assessments within a municipality be within 10 percent of equalized valuation no less frequently than every five years.

Assessment Ratio

The relationship between the assessed value and the fair market value of the property. For example, if the assessment of a parcel which sold for \$150,000 (fair market value) was \$140,000, the assessment ratio is said to be 93% (140,000 divided by 150,000).

Equalized Value

The estimated full market value of all real and personal property in each taxation district as of January 1, as certified by the Department of Revenue (DOR). For each type of property, the DOR multiplies the assessed valuation by an adjustment factor (see Assessment ratio) to cause each type of property to have comparable value regardless of local assessment practices. The objective is to have equalized valuation reflect the fair market value of each piece of property.

Equity

In reference to property taxes, a condition in which the tax load is distributed fairly, based on the uniformity provisions of the state constitution (i.e. each person's share of the tax is based on each property's value compared to the total value of taxable property).

Fair Market Value

A property's full value, market value.

Levy

The total amount of property taxes imposed by a taxing unit to support programs. School districts are authorized to levy the following:

General Fund Levy

Used to support the district's K-12 current operations.

General Fund Property Tax Chargeback

Districts send their tax bills to the municipalities, and the municipalities pay the district in full, usually over 2 disbursements, in February and August. Over the course of time, if the municipality then cannot collect the same amount from the taxpayers, the municipality can then ask the school district to return the uncollected amount. The following year, the district can levy that amount as a chargeback for the amount they had to return to the municipalities.

Non-Referendum Debt Service Levy

Used to support the debt retirement payments for district debt obtained without a referendum.

Capital Expansion Levy

Used to fund capital expansion projects related to buildings and sites. This levy cannot fund equipment.

Referendum-Approved Debt Service Levy

Used to support the debt retirement payments for district debt obtained with a referendum.

Community Service Fund Operating Levy

Used to support the district operating of non-K-12 programs including: adult education, community recreation programs, evening softball leagues, elderly food service programs, day care services.

Lottery Credit and First Dollar Credit

The Lottery/Gaming Credit and the First Dollar Credit are below-the-line property tax relief programs; that is, they are shown on the eligible individual property tax bill as reductions from the gross tax which would otherwise have been paid. To be eligible for the lottery and gaming credit, the property must be used as the owner's primary residence. To be eligible for the first dollar credit, the property must be real property and include an improvement (structure).

Market Value

The dollar amount for which a property would be sold by a willing seller to a willing buyer under normal market conditions.

Reassessment

A revision of the existing assessment roll because of substantial inequities.

School Levy Tax Credit

Created in 1985, the School Levy Tax Credit is a below-the-line property tax relief program; that is, it is shown on the individual property tax bill as a reduction from the gross tax which would otherwise have been paid. The amount of the school levy credit paid to a municipality is based on the municipality's share of a three-year average of the total statewide levy. Each municipality's total credit is divided by the total