

Overview of Homestead Education Tax Rate System

Without the Confusing Administrative Details
Just Some Fun Basic Math

1

Four Step Process

1. Districts adopt budgets
2. Districts submit budget data to AOE
3. AOE determines district education spending amount
4. AOE pays districts the education spending amount from Education Fund

2

Education Spending

District Total Budget	\$3,375,000
<u>Minus available revenue</u>	<u>-\$675,000</u>
Education Spending	\$2,700,000*

*Amount paid from education fund
(About \$1.22 Billion statewide in FY 2014)

3

Homestead Tax Rates Vary with Per Pupil Spending

- Education Spending is divided by equalized pupil count of district
- The resulting spending per pupil establishes rates
- Legislature establishes base each year

4

FY 2014 Base Amounts

- Base per pupil spending = \$9,151
- Base property rate = 0.94% of market value (\$0.94 per \$100 of Market value)
- Base income rate = 1.80% of household income

5

Example

- Budget = 3,375,000 & Revenues = 675,000
- Education Spending = 2,700,000
- Equalized Pupils = 200
- Ed spending per pupil = 13,500

6

Example

- District per pupil spending = \$13,500
- This amount is 48% over the \$9,151 base
- Tax rates will be 48% over base rates
 - Property: 0.94 increased by 48% = \$1.39
 - Income: 1.80% increased by 48% = 2.66%

7

Income Rate

- For eligible tax payers
- Each tax bill is adjusted by the difference of
 1. The prior year property tax amount
 2. Minus the prior year income amount

8

Ex.: ES/EP = \$13,500
CLA = 100%

	Base	Tax
ETR = 1.39 & CLA = 100% Tax Rate on Bill = 1.39 % of Household Income = 2.66%		
House Site Value As Listed (Homestead and 2 acres)	\$212,500	\$2,954
(Percentage of) Household Income	\$50,000	\$1,330
Reduction applied to following year tax bill		\$1,624

9

Questions

?

10