

Basic Homestead Tax Rate Derivation

		FY2019	
1.	Expenditures	3,000,000	
2.	- <u>Offsetting Revenues</u>	<u>244,240</u>	
3.	Education Spending	2,755,760	
4.	÷ <u>Equalized Pupils</u>	<u>200.00</u>	
5.	Ed Spend / EqPup	13,778.80	
6.	÷ <u>Property yield per \$1.00 rate</u>	<u>9,842</u>	<u>Income yield per 2.0% of income</u> 11,862
7.	Equalized Homestead Rate	1.4000	Ed Spend/EqPup versus inc yield 1.1616
8.	÷ <u>CLA</u>	<u>80.00%</u>	<u>Base income percent</u> 2.00%
9.	Actual Homestead Rate	1.7500	Household income percent 2.32%

Line notes:

1. Expenditures are all dollars a school district plans to spend - i.e., the budget.

2. Local revenues are money the school district already has or is owed: federal dollars, state aid for special education, transportation, small schools, tuitions, surplus, interest bearing accounts, private donations, etc.

3. Education spending is the amount that needs to be raised by education property taxes, augmented by other Education Fund revenues.

4. Equalized pupils are a two-year weighted average.

5. Education spending per equalized pupil determines the education homestead tax rate.

6. The property yield is set annually by the Legislature and is used to determine the equalized tax rate. In FY2018, for every \$10,160 a district spends per equalized pupil, its equalized homestead tax rate will be \$1.00.

7. Equalized homestead tax rate is the rate a district would have if all properties were assessed at fair market value.

8. Common level of appraisal (CLA) is the ratio of the town's listed values versus the State's listed value. The State's listed value is comprised of actual sales, generally averaged over three years. The State's fair market value is the equalized education grand list.

9. Actual homestead rate is the education tax rate seen on a property tax bill of a resident homeowner.
