The On-Going Need for Equalized Property Tax Funding

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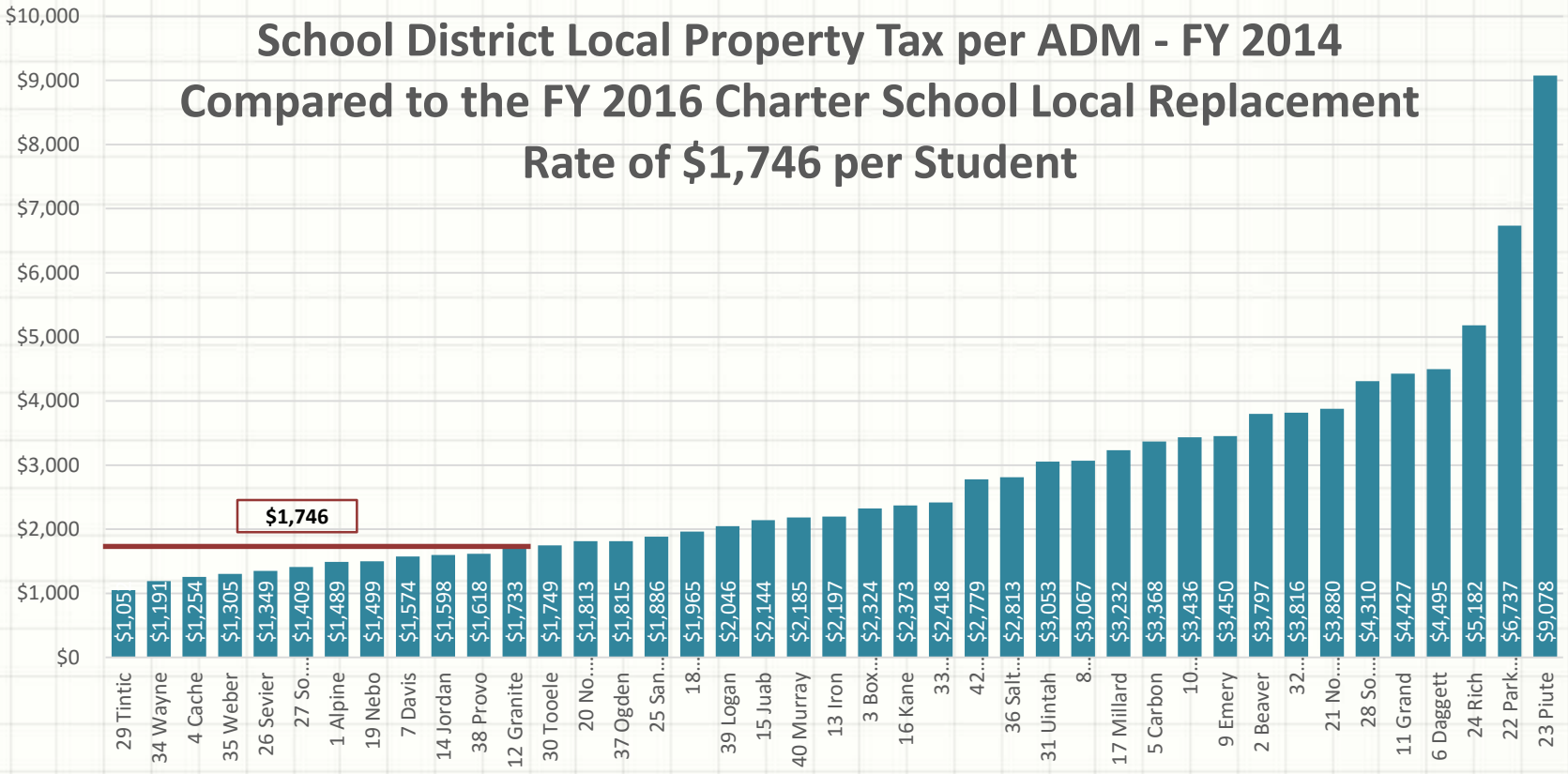
Local Property Tax Equalization

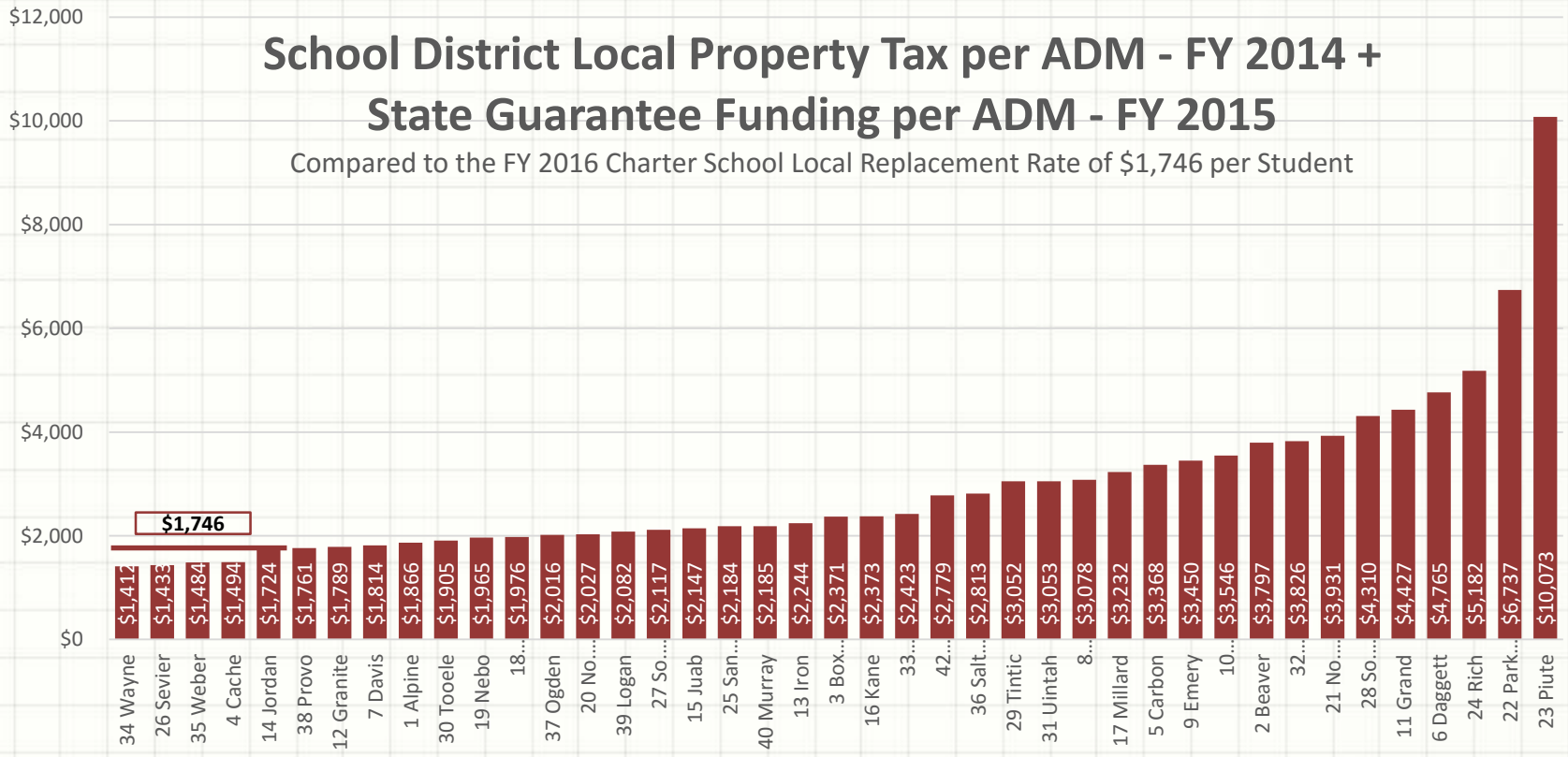
- 2015 General Session Progress:
  - Passage of SB 97 – Property Tax Equalization
  - $75 million tax increase to address inequity
  - Funds to be used to adjust large gap between districts
  - Target baseline per student used was the FY16 Charter LRF of $1,746

- The Challenges:
  - The gap calculated did not include State Guarantee Funds already provided to districts
  - As such, Charter Schools are now behind most district schools in local property tax revenue per student
  - Equalization gap continues to grow between districts schools as well as property values increase

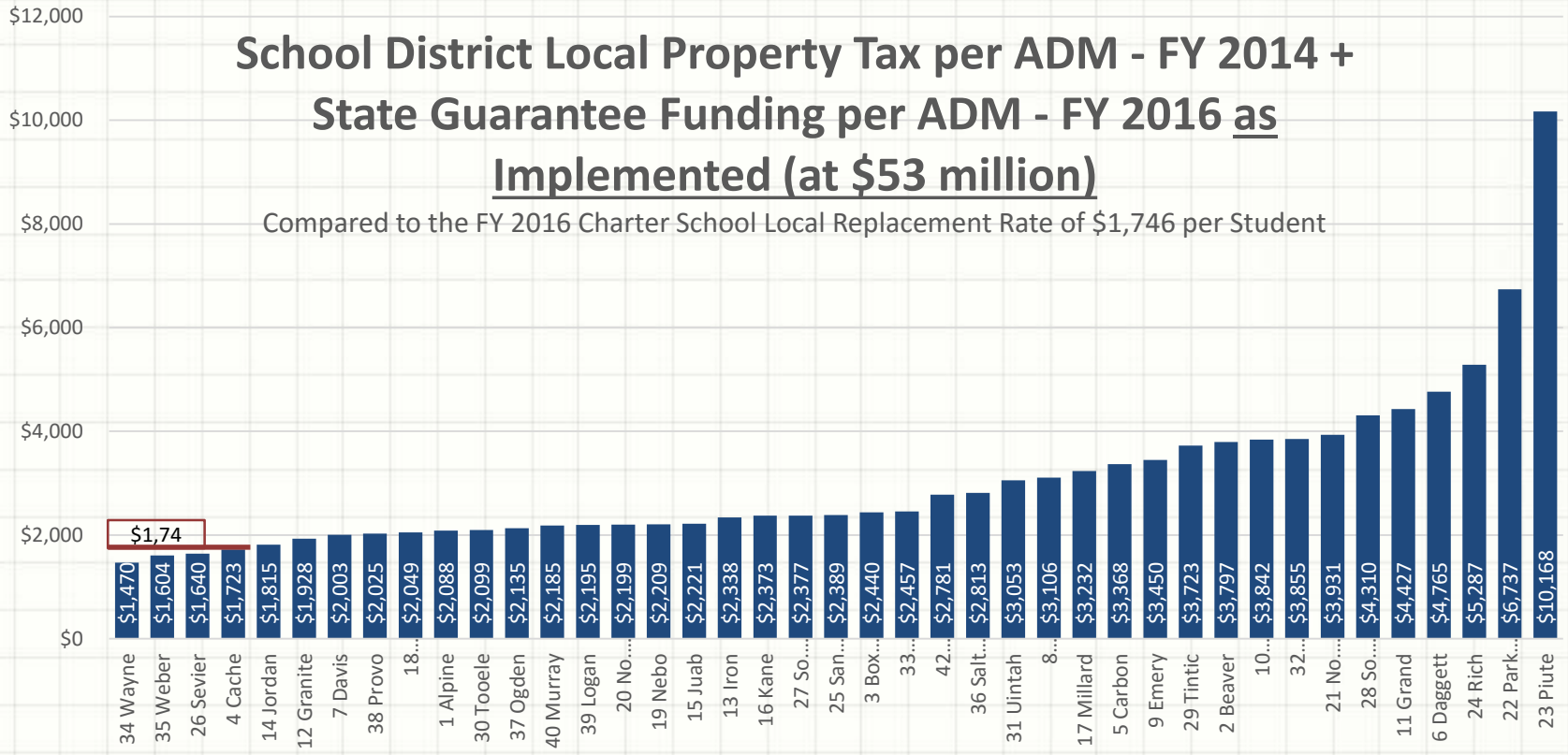
Pre-SB97: $73,118,783
Gap without State Guarantee Included



Pre-SB 97 Gap: $14,848,891
Gap with State Guarantees Included



Post-SB 97 Gap: $5,361,706
Gap with State Guarantees Included



Solutions to Consider

- We could raise charter school funding through the LRF.
  - The Charter LRF does not include state guarantee funds in the calculation.
  - If we included guarantee funds, problems are:
    - Creates a “circular error” in SB 97 equalization formula
    - Take more funds away from local districts through LRF
- My Recommendation:
  - There is $22 million unassigned in the SB 97 formula
  - Use remaining SB 97 funds to bring remaining 4 districts to $1,746
  - Use balance of SB 97 funds to raise all schools (charter and district) to a higher level
  - Establish an earmark on Income Tax Growth to build an on-going state-funded equalization pool to increase guaranteed funding for district and charter schools each year.

Thank You!