

Department of Public Instruction



Mill levy reduction grants - 2009-11 - The Legislative Assembly in Senate Bill No. 2199 provided property tax relief by appropriating \$295 million from the general fund to the Department of Public Instruction for allocation to school districts to reduce school district property taxes for the 2009-11 biennium. The funding provides for a reduction of up to 75 mills in school district property tax levies and replacement of the revenue to school districts providing mill levy reduction grants. In addition, Senate Bill No. 2199:

- Eliminates authority for unlimited levy approval for school districts.
- Establishes a deadline of 2015 for school districts with existing voter-approved excess levies or unlimited levies to obtain voter approval for continuation of a levy of up to a specific number of mills.
- Provides if voter approval is not obtained by 2015, the school district levy limitation will be subject to statutory provisions allowing a levy based on the number of dollars levied by the school district in the highest of the most recent three years or the 185-mill general fund levy limitation.

Estimated 2011-13 mill levy reduction grants - The Legislative Assembly also provided for a transfer of \$295 million in 2010 from the permanent oil tax trust fund to the newly created property tax relief sustainability fund to be used for property tax relief allocations after the 2009-11 biennium as determined by the Legislative Assembly.

The Department of Public Instruction has distributed mill levy reduction grants totaling \$144.9 million to school districts in the first year of the biennium and estimates mill levy reduction grants in the second year of the biennium will total approximately \$154.5 million for a biennium total of \$299.4 million. The total funding available for mill levy reduction grants is \$295 million. The anticipated \$4.4 million shortfall is due primarily to actual payments exceeding original estimates because of the unintended exclusion of several property types from the original calculation of funding needed for mill levy reduction grants. The department anticipates requesting a deficiency appropriation from the 2011 Legislative Assembly for \$4.4 million to meet mill levy reduction grant obligations.

The Department of Public Instruction estimates, based on the mill levy reduction grant formula, including payments related to the exclusion of several property types from the original mill levy reduction grant calculation, that the 2011-13 mill levy reduction grant obligation will total approximately \$341 million. The department's estimate of the mill levy reduction grant obligation is \$46 million more than the \$295 million deposited in the property tax relief sustainability fund by the 2009 Legislative Assembly.