

# **The Tax Levy Limit**

# **What is the Tax Levy Limit (Cap)?**


**Essentially, it is an eight step formula that each school district must use to calculate the tax levy limit. The result (the limit) is the highest allowable tax levy (before exemptions) that a school district can propose for which only the approval of a simple majority vote is required (50% +1). Any proposed tax levy amount above the limit will require budget approval by a supermajority (60% or more) of voters.**

# Estimated Tax Levy Limit Calculation


Prior Year Tax Levy	\$35,575,052
Tax Base Growth	X 1.0055
PILOT	+ \$2053
Capital Exemption	<u>- \$550,000</u>

Adjusted Prior Year  
Tax Levy = \$35,222,768

	x 1.02
PILOT	<u>- \$2090</u>

 Allowable Growth  
Factor

Tax Levy Limit Prior  
To Exemptions = \$35,925,133

 Voter Threshold

Capital Exemption	+ \$550,000
ERS Exemption	+ \$ 25,000
TRS Exemption	<u>+ \$ 0</u>

 Estimated

= \$36,500,133  Maximum Allowable  
Tax Levy



# District Options

**Option 1: Propose a budget requiring a Tax Levy at or below the Tax Levy Limit**

- **Requires a simple majority (50% + 1 voter approval)**

**Option 2: Propose a budget requiring a Tax Levy above the Tax Levy Limit**

- **Requires a super majority (60% voter approval)**
- **Requires a statement on the ballot indicating the required tax levy before exemptions exceeds the Tax Levy Limit**

# What Happens if the Budget is Not Approved?

- A. If the proposed budget is not approved by the required margin:**
  - 1. The District may resubmit a revised budget or;**
  - 2. Adopt a contingency budget that does not increase the tax levy from the prior year (0% Tax Levy Increase)**
  
- B. If the second budget is defeated:**
  - 1. The BOE must adopt a budget that does not increase the tax levy from the prior year (0% Tax Levy Increase)**
  
- C. Expenditures are no longer subject to an overall contingent budget spending cap**

# Summary

- The property tax cap limits the levy not the individual tax bill
- The formula allows for certain expenses to be exempt from the “cap”; therefore, allowing the Maximum Allowable Tax Levy to be either below or greater than the “cap”
- BOE can present a budget that “overrides” the cap but will need 60% voter approval
- It is still a budget vote not a tax levy vote
- Two budget defeats could potentially dismantle the District