



# School District Income Taxes

## \$602 Million

School District Income Taxes Collected in FY 2022

## 5%

 of local operating tax revenue

210 (34%) school districts levy an income tax

### Profile of a district levying an income tax

These districts tend to be:

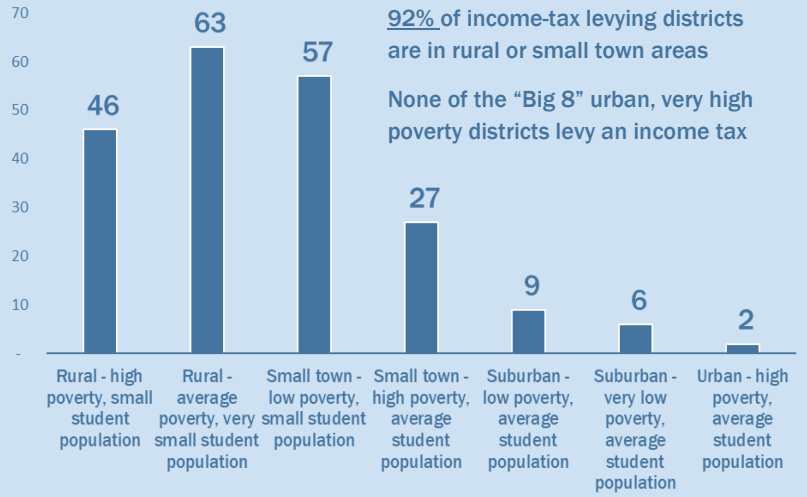
- Located in rural or small town areas
- Smaller in student population
- On the 20-mill floor for property tax purposes



\*Real property taxes for districts on the 20-mill floor generally grow at the same rate as real property values grow. That is, tax reduction factors no longer apply.

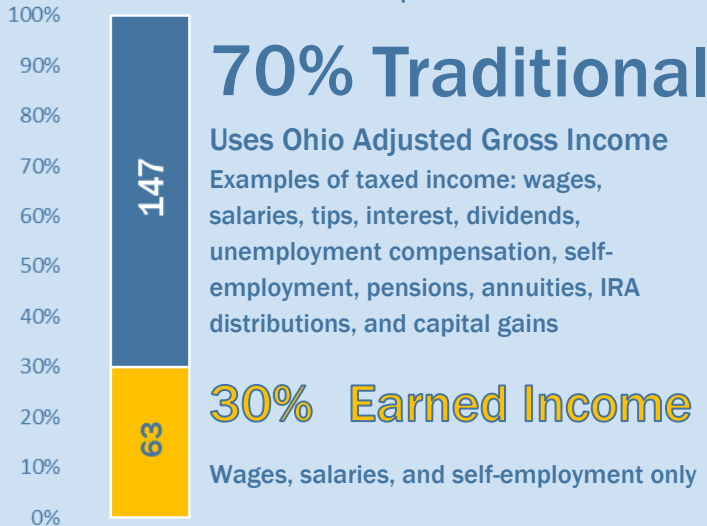
\* 53% of income tax-levying districts were on the 20-mill floor in at least one class of real property in TY 2020.

### Number of Income Tax-Levying School Districts by Typology, FY 2022



7 in 10 districts use the **traditional tax base**

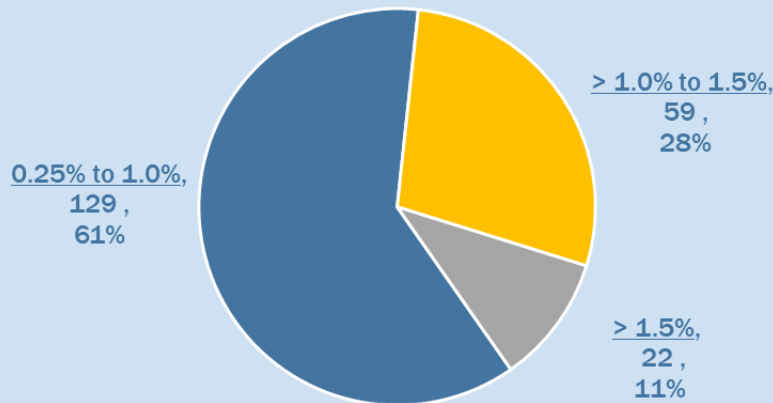
Two Tax Base Options:



District residents pay the tax regardless of where they work. Nonresidents working in district & corporations are not taxed.

Tax rates tend to be **1% or less**

### School Districts by Income Tax Rate, FY 2022

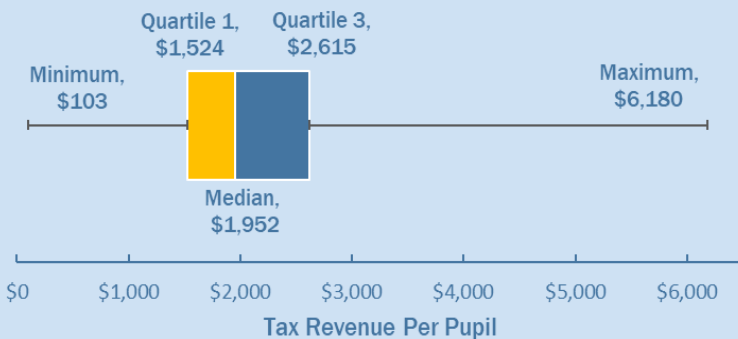


2.0% is the highest tax rate levied, by 5 districts.

11 (55%) of the top 20 districts by total income tax revenue levy a tax rate at or below 1%. Only 1 of the top 20 districts has a tax rate above 1.5%.

Income tax revenues averaged about **\$2,000 per pupil**

### Distribution of School District Income Tax Per Pupil, FY 2022



While per-pupil income tax revenues vary widely, they tended to fall within **\$1,500** and **\$2,600**, and averaged about \$2,000.

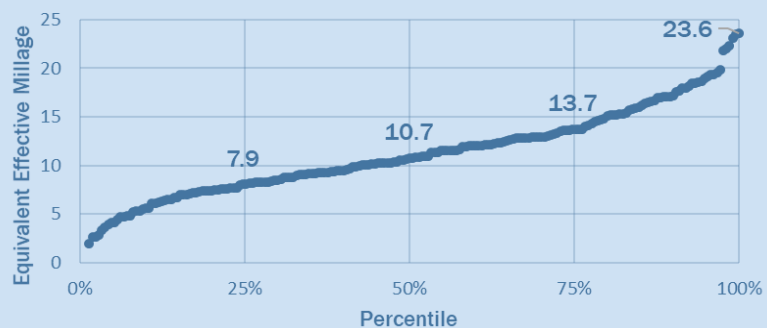
Per-pupil amounts around \$100 or less often indicate the beginning or ending of a tax levy. 2 districts began levying an income tax in FY 2022.

Sources: Department of Taxation, Department of Education

Income tax revenues equated to an average of **10 mills**

Districts on the 20-mill floor tend to supplement their current expense millage and inside millage with emergency levies and school district income tax levies, which are not included in the floor calculation. By dividing income tax revenue into total property value, an equivalent effective millage rate is calculated. The chart below shows the distribution of income tax equivalent effective millage rates for the 210 districts with income tax levies in FY 2022.

### Distribution of School District Income Tax Equivalent Effective Millage Rates, FY 2022



Equivalent effective millage rates for established levies ranged from **2.0 mills** to **23.6 mills** and averaged 10.4 mills.

Most equivalent rates fell between 8 mills and 14 mills.