



# FundEd: Other Local Taxes for Education

## Policies in Each State



## Other Local Taxes for Education

Local school districts are partially funded through local taxes—most often taxes imposed and collected by the school district itself, but sometimes county or municipal taxes as well. While the most common type of tax collected locally is a property tax, in some states, districts and localities are also authorized to impose and collect income, sales, or other taxes for education. This report indicates which types of local taxes are imposed and collected for public schools in each state.

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### Alabama

School districts in Alabama may receive local revenue from property taxes and from other taxes. These include county and municipal franchise, excise, and license taxes designated for education and county and municipal sales and use taxes which are not specified for education.

School districts in Alabama do not directly impose taxes. Counties and municipalities may impose a local property tax as well as a franchise, excise, and license tax for education. In particular, both counties and municipalities may impose sales and use taxes, though these are not legally specified for education. Moreover, counties and municipalities may impose taxes on malted beverages, a set portion of which will be used for education.

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### Alaska

School districts in Alaska may receive local revenue from property taxes and from sales, use, and excise taxes.

School districts in Alaska cannot directly levy taxes of any kind. Cities and boroughs impose local property taxes and sales, use and excise taxes. Cities and boroughs may also impose excise taxes, such as severance taxes on natural resource extraction. It is not possible to distinguish local funding for schools from other local revenue.

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### Arizona

School districts in Arizona receive local revenue only from property taxes.

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**Arkansas**

School districts in Arkansas may receive local revenue from school district property taxes from county and municipal sales and use taxes dedicated for education, as well as from revenue from severance taxes and several federal sources.

Though school districts cannot directly levy sales and use taxes, counties and municipalities in Arkansas may levy sales and use taxes for capital improvements. These revenues may be dedicated to public education. School districts may also receive revenues from federal lands, severance taxes, and payments in lieu of taxes.

The funds that school districts receive from county and municipal sales and uses taxes are included as part of the district's expected local contribution for the purposes of determining the state aid allocation. Revenues from severance taxes and federal sources including forest reserves, mineral rights, impact aid and others are also included as part of a district's expected local contribution.

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**California**

School districts in California may receive local revenue only from property taxes. Counties may impose a property tax base on property value while school districts may levy property taxes on parcels of property.

Counties in California tax property at a fixed rate of 1% of assessed valuation. School districts may not directly levy property taxes based on property value; instead, they may levy parcel taxes, which are fees set at a fixed amount per parcel of property. These taxes may be levied with the approval of two-thirds of voters in a referendum.

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**Colorado**

School districts in Colorado may receive local revenue only from property taxes and from county vehicle registration taxes.

School districts in Colorado may only impose property taxes. However, counties collect taxes on the ownership of motor vehicles and distribute the revenue to local governments, including school districts. Each school district receives a portion of this revenue, in a proportion matching the share of total county property tax revenues collected in that school district. Some vehicle taxes are considered to be part of the district's local contribution for the purposes of the education funding formula.

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**Connecticut**

School districts in Connecticut may receive local revenue from property taxes and from motor vehicle taxes.

School districts in Connecticut may not directly impose taxes and rely on municipalities to raise revenue. Municipalities may levy property taxes and motor vehicle taxes to fund a variety of local services, including public education.

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**Delaware**

School districts in Delaware receive local revenue only from property taxes.

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**Florida**

School districts in Florida may receive local revenue from property taxes and from sales surtaxes. In addition to property taxes, school districts and counties in Florida may impose sales surtaxes for school infrastructure expenses.

School boards in Florida may levy a sales surtax of up to 0.5% with voter approval. Revenue from the surtax is designated for the costs of building or improving school facilities, buying or improving land for school purposes, or installing technology at school sites. In addition, the governing authority in each county may levy an additional sales surtax of 0.5% or 1%, with voter approval, for school infrastructure expenses. The county surtax may not be levied for more than fifteen years at a time.

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**Georgia**

School districts in Georgia may receive local revenue from property taxes and from local sales taxes.

In addition to property taxes, school districts in Georgia may levy an optional local sales tax to fund capital improvement projects, with voter approval. The Education Special Purpose Local Option Sales Tax (E-SPLOST) is an optional 1% local sales tax to fund capital improvement projects or to retire debt related to capital projects. The tax must be reauthorized every five years by local boards of education and approved by voters in a referendum. In counties where there are any city school districts in addition to the county school district, revenue from E-SPLOST is distributed between the county and city school districts on the basis of enrollment, or as otherwise authorized by local law.

In addition, ten school districts in Georgia are permitted to collect local sales taxes for operations by specific amendments to the state constitution.

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**Hawaii**

Hawaii is one, statewide school district. School districts may not impose taxes and are funded exclusively from state revenue.

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**Idaho**

School districts in Idaho receive local revenue only from property taxes.

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**Illinois**

School districts in Illinois may receive local revenue from school district property taxes and from county sales taxes.

Though school districts in Illinois may only impose local property taxes, counties may impose a tax on retailers and service providers as a percentage of sales receipts for school facilities expenses. In order to impose this tax, the county must have the support of the school boards representing more than half the students in the county and the approval of voters in a referendum. Counties may impose a rate of up to 1% to raise revenue for school facilities expenses. The tax may only be imposed in multiples of 0.25%. The revenue raised by the sales tax will be distributed to school districts within the county based on the district's enrollment as compared to the total number of resident students in the county as a whole.

This county sales tax applies to the sale of all goods except for groceries and prescription medication.

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**Indiana**

School districts in Indiana may receive local revenue only from property taxes.

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**Iowa** School districts in Iowa may receive local revenue from property taxes and from income surtaxes.

School districts may choose to fund educational improvement programs and instructional support programs through a combination of property tax and income surtax. If voters approve, districts may also fund capital projects through a combination of a property tax of up to \$1.34 per \$1,000 of assessed value and an income surtax.

Districts also receive some revenue from tuition and transportation payments, school fees, and donations.

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**Kansas** The Kansas Supreme Court ruled the state's education funding formula unconstitutional on October 2, 2017 and reiterated this finding on June 25, 2018. The Court has set a deadline of June 30, 2019 for the creation of a constitutional funding system.

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**Kentucky** School districts in Kentucky may receive local revenue from property taxes, income surtaxes, and a gross receipts tax on utilities.

In addition to property taxes, school districts may impose two surtaxes on income: an occupational license tax on earnings from most professions and a tax on residents' income, not to exceed 20% of state income tax liability. School districts may also impose a tax on gross receipts from the provision of utility services and/or cable services at a rate of up to 3%.

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**Louisiana** School districts in Louisiana may receive local revenue from property taxes and from sales taxes.

In addition to property taxes, local school districts in Louisiana may levy sales taxes with voter approval. Local government units in Louisiana, including school districts, may levy sales taxes, with the approval of a majority of voters. The combined sales taxes imposed within any local governmental subdivision must not exceed 3%, excluding state sales taxes. The legislature may approve an exemption to allow a greater rate.

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**Maine** School districts in Maine receive local revenue only from property taxes.

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**Maryland** School districts in Maryland may receive local revenue from property taxes and income surtaxes.

School districts in Maryland may not directly impose taxes. Local jurisdictions, including counties and the city of Baltimore, may impose property taxes and income surtaxes, a portion of which is directed to schools. Local jurisdictions may impose an income tax of at least 1% but no more than 3.2%.

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**Massachusetts** School districts in Massachusetts may receive local revenue from property taxes, motor vehicle excise taxes, utility taxes, and permit and license fees.

School districts in Massachusetts may not directly impose taxes. Municipalities impose property taxes as well as motor vehicle excise taxes, utility fees, and permit and license fees, a portion of which is directed to schools.

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<b>Michigan</b>	School districts in Michigan receive local revenue only from property taxes.
<b>Minnesota</b>	School districts in Minnesota receive local revenue only from property taxes.
<b>Mississippi</b>	School districts in Mississippi receive local revenue only from property taxes.
<b>Missouri</b>	<p>School districts in Missouri may receive local revenue from property taxes, a local income tax, and a variety of other sources of local income, including a tax on assets of financial institutions and a surtax on commercial real estate.</p> <p>School districts in Missouri may only impose local property taxes. However, revenue from several sources collected at other levels is distributed to school districts and makes up part of the total local share. These include a local earnings and income taxes, a tax on intangible assets of financial institutions, a surtax on commercial real estate (to replace revenue lost from the elimination of a merchants and manufacturing tax), and some penalties and fines. These additional sources of local revenue are included as part of the district's expected local contribution for the purposes of determining the state aid allocation.</p>
<b>Montana</b>	<p>School districts in Montana may receive local revenue from property taxes, from gross receipts taxes on coal, and from other sources of local revenue.</p> <p>School districts in Montana may only impose property taxes. However, school districts receive local revenue from a variety of other sources. County treasurers in Montana collect the coal gross proceeds tax and distribute it to school districts and other local taxing districts based on the value of the coal produced there. School districts also receive some revenue from the rental of buildings and equipment and summer school revenues and from a local sales tax on public power districts.</p>
<b>Nebraska</b>	School districts in Nebraska receive local revenue only from property taxes.
<b>Nevada</b>	<p>School districts in Nevada may receive revenue from school district property taxes, county sales and use taxes, and county taxes on utility and railway companies.</p> <p>School districts in Nevada may only impose property taxes, but counties are required to collect the Local School Support Tax (LSST), a sales and use tax of 2.6% for public schools. Districts also receive revenue from county franchise taxes on utility and railway companies. They also receive interest income from any invested education property tax revenues. Revenue for capital projects may come from property taxes, the sale of bonds, or fees on the construction of new housing.</p> <p>Counties with populations of 300,000 or more are required to tax the rental of hotels rooms and other transient lodging, with the revenue to be used for public schools. However, this revenue is pooled at the state level and distributed to all school districts and charter schools rather than kept for local county schools.</p>
<b>New Hampshire</b>	School districts in New Hampshire receive local revenue only from property taxes.

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**New Jersey** School districts in New Jersey receive local revenue only from property taxes.

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**New Mexico** School districts in New Mexico may receive local revenue from property taxes, and from revenue from federal forest reserve lands.

School districts in New Mexico may only impose property taxes. However, they receive a portion of revenue from timber sales and other receipts on federal forest reserve lands. This funding is considered part of the district's local share; In determining the district's formula amount, the state subtracts 75% of the revenue received from Forest Reserve funds.

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**New York** School districts in New York may receive local revenue from property taxes, from consumer utility taxes, and from sales taxes imposed by other local taxing authorities.

City school districts with fewer than 125,000 inhabitants may levy a consumer utility tax of up to 3%. In 2014, twenty-four school districts did so, collecting \$34.1 million in total. School districts may not impose sales taxes, but some counties share their tax sales revenue with schools. Counties and municipalities may impose sales taxes in excess of the 4% sales tax imposed by the state, and five counties share their sales tax revenue with school districts.

Finally, the city school districts for the state's five largest cities are wholly dependent on their municipalities for funding, and these municipalities may levy sales taxes as well as local income taxes, business and financial taxes, and taxes on commercial rent.

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**North Carolina** School districts in North Carolina may receive local revenue from property taxes, sales and use taxes, and utility taxes.

School districts in North Carolina do not directly impose taxes, with a few exceptions. School districts typically draw their local funding from county appropriations, which may be raised through county property, sales, and utility taxes. A portion of county sales and use taxes may be designated for public school capital projects.

Though school districts in North Carolina do not typically directly impose taxes, they have the authority to impose a supplemental property tax with voter approval. Two school districts also impose property taxes under legislation specific to those districts. Districts that impose property taxes are eligible to receive a share of revenue from sales taxes imposed by the county.

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**North Dakota** School districts in North Dakota receive local revenue only from property taxes.

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**Ohio**

School districts in Ohio may receive local revenue from property taxes, income taxes, sales taxes, and a tax on casino revenues.

In addition to property taxes, school districts in Ohio may impose income taxes and a countywide joint sales tax. School districts may impose an income tax in increments of 0.25%. As of January 2017, approximately 190 districts levied an income tax between 0.25% and 2%. In addition, school districts may impose a joint sales tax with other districts in the county for permanent improvement. However, only one county has done so.

School districts also receive funding from a tax on casino revenues. Thirty-four percent of the revenue from this tax is distributed to counties, which is then distributed to schools based on student count.

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**Oklahoma**

School districts in Oklahoma may receive local revenue from school district property taxes and from local sales taxes imposed by counties or municipalities.

School districts in Oklahoma may only impose property taxes. However, counties and municipalities in Oklahoma may levy sales and use taxes with the approval of voters in the relevant jurisdiction. These local sales taxes must be designated for a particular purpose, and may be designated for public schools. For instance, between 2002 and 2008, Oklahoma City imposed a 1% sales tax which was divided between the Oklahoma City School District and the area's suburban schools.

School districts also receive revenues from some state revenue sources, which are distributed to counties and school districts. These include motor vehicle collections, gross production collections, Rural Electric Association Cooperative taxes, and earnings on state school lands. Revenue is distributed to school districts based on student count or based on where the revenue was generated, or both.

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**Oregon**

School districts in Oregon receive local revenue only from property taxes.

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**Pennsylvania**

School districts in Pennsylvania receive revenue from a variety of local taxes, including local property taxes, local income taxes, and others.

In addition to property taxes, school districts in Pennsylvania may impose an earned income tax on the income and profits of residents within the district. School districts may also impose a variety of other taxes, including a real estate transfer tax, a flat tax on each adult resident, and taxes on the gross receipts of some businesses.

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**Rhode Island**

School districts in Rhode Island receive local revenue only from property taxes.

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**South Carolina**

School districts in South Carolina may receive revenue from local property taxes and, in some counties, from sales and use taxes.

School districts in certain counties are authorized by specific legislation to impose a sales and use tax across the county. This tax is generally imposed to pay debt services on bonds or to fund capital improvements. Counties that meet certain requirements in terms of their existing sales tax burden may impose a further 1% sales and use tax for capital improvements, with voter approval in a county-wide referendum.

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**South Dakota** School districts in South Dakota receive revenue from local property taxes, a tax on utilities, a bank franchise tax, a wind farm tax, and other sources of local revenue.

Prior to FY2016, revenue from these other sources did not affect districts' level of state aid. Between FY2017 and FY2022, revenue from six additional revenue sources will be phased in as part of districts' expected local contributions and will therefore reduce districts' state aid amounts. These include a tax on utilities, a bank franchise tax, a wind farm tax, local revenue in lieu of taxes, county revenue in lieu of taxes, and revenue from traffic fines. (See "Expected Local Share" for a description of this policy.)

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**Tennessee** School districts in Tennessee receive revenue from local property taxes, sales taxes, and other local taxes. In Tennessee, very few school districts directly impose local property taxes. School districts receive revenue from property taxes imposed by counties and municipalities and may also receive a portion of taxes imposed by counties or municipalities, including sales taxes and motor vehicle taxes.

Both counties and municipalities in Tennessee may impose an optional local sales tax so long as the combination of both do not exceed 2.75%. If a municipality within a county that imposes a local sales tax also imposes a local sales tax, it may only impose the difference between the county tax rate and 2.75%. Local sales taxes must be approved by voters in the relevant jurisdiction. Half of the revenue from local sales taxes is designated for schools. Revenue from a county sales tax is distributed to the school districts within the county in proportion with the student count of each district. Unlike Tennessee's state sales tax, the local sales tax is only applied to the first \$1,600 of any purchase.

Counties in Tennessee may also impose other local taxes to support education, including motor vehicle taxes, called "wheel taxes."

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**Texas** School districts in Texas receive local revenue only from property taxes.

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**Utah** School districts in Utah receive local revenue only from property taxes.

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**Vermont** School districts in Vermont do not receive local revenue. School districts in Vermont do not have the authority to directly levy any kind of tax. However, residents of each town vote on a per-pupil spending level, which affects the property tax rate and income tax rate imposed by the state on that town's taxpayers.

Vermont's statewide education tax takes the form of a property tax, or an income tax, depending on household income. Households making less than \$90,000 per year pay the statewide education tax in the form of an income tax, rather than as a property tax. All other households pay a property tax partly determined by local referenda (see "Property Tax Floors and Ceilings").



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**Virginia** School districts in Virginia may receive local revenue from property taxes and from sales and use taxes for education.

School districts in Virginia may not impose any type of taxes, including property taxes. Other local government entities, including counties, cities, and towns, may impose taxes for education. In addition to local property taxes, the governing body of any city or county may vote to levy a local sales and use tax of up to 1%. In counties with town school districts, a proportion of the revenue from this tax will be paid to the town school district equal to the proportion of students in the town as compared to the county as a whole.

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**Washington** School districts in Washington may receive local revenue from property taxes and from a county timber excise tax.

School districts in Washington may only levy property taxes. However, local taxing districts, including school districts, receive revenue from a 4% tax imposed on the harvest value of timber harvested from state, federal, or privately-owned land.

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**West Virginia** School districts in West Virginia receive local revenue only from property taxes.

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**Wisconsin** School districts in Wisconsin receive local revenue only from property taxes.

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**Wyoming** School districts in Wyoming receive local revenue only from property taxes.

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For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

