



# FundEd: Property Tax Floors and Ceilings

## Policies in Each State

## Property Tax Floors and Ceilings

While state funding formulas generally include an expected local contribution towards education costs, districts are not always required to actually raise the expected amount from local taxes. They may be allowed to raise more or less than the expected amount, within certain limits. In order to limit disparities in district property tax rates, states may set a minimum and/or maximum local property tax rate, or may set rules for how districts can raise property taxes above a given level. This report describes which states set bounds on permissible local property tax rates.

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### Alabama

Alabama sets a floor for local property tax rates, as well as a level above which voter approval is required. Though school districts in Alabama do not directly impose property taxes, counties are required to levy at least \$10.00 for every \$1,000 of assessed local property wealth for school funding, or the equivalent from other local sources. (See “Other Local Taxes for Education” for a description of these taxes.)

Counties and special school tax districts in Alabama may levy several types of local property taxes, totaling \$15.00 for every \$1,000 of assessed local property wealth. Each of these taxes are limited by the state constitution and must be approved by voters in a referendum. Counties, municipalities, and other taxing authorities may increase the rate beyond totaling \$15.00 for every \$1,000 of assessed local property wealth if they impose by a vote of the taxing authority, a local act passed by the state legislature, and majority voter approval in a local referendum.

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### Alaska

Alaska sets both a floor and a ceiling for local property tax rates. School districts are required to impose at least \$2.65 for every \$1,000 of assessed local property wealth, and are limited to a rate that may vary depending on the district’s formula amount.

City and borough school districts are required to raise at least \$2.65 for every \$1,000 of assessed local property wealth. However, they may not raise more than this required local contribution plus the greater of \$2.00 for every \$1,000 of assessed local property wealth or 23% of the formula amount.

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## Arizona

Arizona sets a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts require voter approval to raise more than the rate sufficient to reach their formula amount, and are limited to 15% above their formula amount for operating costs even with voter approval.

School districts are limited in how much money they may raise locally. Districts' budgets are limited to the total amount of funding that the state calculates to be necessary to educate students within a district, including transportation funding. However, school districts may exceed this limit with voter approval. School districts may impose taxes sufficient to add an additional 15% to their operating budgets, and further funding for specific programs and for capital outlays, with voter approval. In addition, districts may raise taxes for certain specific costs outside of the formula, like desegregation costs and costs associated small districts.

Additionally, districts where the expected tax rate (see "Expected Local Share") would produce enough revenue to cover the entire amount of funds calculated by the state to be necessary to educate the students within the district are subject to a floor for local property tax rates: They must impose a local property tax of at least 50% of the expected rate. If the money generated by this 50% rate exceeds the district's necessary funding, the excess is transferred to the state general fund for redistribution to other school districts.

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## Arkansas

Arkansas sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts are required to impose at least \$25.00 for every \$1,000 of assessed local property wealth, and may impose a higher rate with voter approval.

School districts may levy a tax rate higher than the expected rate for maintenance and operations with voter approval. They may also impose an additional tax for debt service, with voter approval.

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## California

California sets a level above which property tax rates require voter approval. In order to exceed a rate based on historical assessments, school districts require two-thirds voter approval.

Counties in California may impose a property tax of up to 1%, a portion of which is used for school districts. Each school district receives a share of the revenue from this tax based on its proportionate countywide share of property taxes during the mid-1970s, when this limit was put in place. School districts in California may exceed this limit by collecting property taxes set at a fixed amount per parcel of property, called parcel taxes. Parcel taxes may only be levied with the approval of two-thirds of voters.

The rate-based property tax is limited to 1% of the county assessment of the value of property on the 1975-76 tax bill, or the assessed value of real property if it is newly purchased, it is newly constructed, or its ownership changed after the 1975 assessment. After a property is sold, increases in its assessed value are limited to 2% per year.

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**Colorado**

Colorado sets a ceiling and a level above which voter approval is required. School districts may impose up to \$27.00 for every \$1,000 of assessed local property wealth without voter approval, and an amount above this rate that varies depending on the district, with voter approval.

The property tax rate for education is limited to \$27.00 for every \$1,000 of assessed local property wealth for most districts. The ceiling is frozen at a lower level for school districts that were levying less than \$27.00 for every \$1,000 of assessed local property wealth in FY2008. With voter approval, school districts may exceed this limitation by up to 25% (30% for small rural districts) of its formula amount, or \$200,000, whichever is greater.

School districts are also permitted to exceed their caps to raise funds for specific purposes, including transportation, full-day kindergarten, school construction, and technology. In particular, school districts may levy up to \$10.00 for every \$1,000 of valuation for three years to maintain or construct schools or to purchase and install school technology.

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**Connecticut**

Connecticut does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. School districts in Connecticut may not directly impose taxes; property taxes for education are imposed by municipalities.

Municipalities may levy and collect a property tax on motor vehicles of up to \$45.00 for every \$1,000 of assessed local property wealth. Some of the revenue from this tax may be used to fund public schools. Connecticut does not set a ceiling for other types of property taxes.

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**Delaware**

Delaware does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required.

However, property tax rates for some types of school district levies always require voter approval, regardless of the rate being set. School districts in Delaware levy four types of local property taxes: current expense, debt service, match, and tuition taxes. Rates for current expenses taxes, which fund general operating costs, and for debt service must be approved regularly by voters in referenda. Rates for match taxes, which fund specific programs for which districts receive state matching funds, and tuition taxes, which fund special-needs students, are set by local school boards without voter involvement.

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**Florida**

Florida sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts are required to impose a rate that is set annually by the state and varies based on the district's property wealth and formula amount. School districts are also limited in the rate they may impose without voter approval.

School districts in Florida are required to impose a property tax rate that varies based on the district's property wealth and formula amount. In FY2018, this varied between \$1.608 to \$4.308 for every \$1,000 of assessed local property wealth. School districts may also choose to raise more than this required property tax rate: without voter approval, districts may impose additional discretionary taxes for operations (limited to \$0.748 for every \$1,000 of assessed local property wealth) and capital outlay and maintenance (limited to \$1.50 for every \$1,000 of assessed local property wealth). With voter approval, districts may also impose additional property taxes for operations up to \$10.00 for every \$1,000 of assessed local property wealth in total, including both the required and discretionary taxes. However, this limit may be exceeded by additional property taxes for operating and capital expenses subject to more frequent voter approval (every two years), and for debt service.

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**Georgia**

Georgia sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts are required to raise at least \$5.00 for every \$1,000 of assessed local property wealth and may not levy more than \$20.00 for every \$1,000 of assessed local property wealth without voter approval.

However, this limitation does not apply to school districts authorized to levy more than \$20 for every \$1,000 of assessed local property wealth in 1983. In addition, school districts are required to levy a certain property tax rate in order to receive state funding intended to compensate for property wealth disparities (see "Expected Local Share" for more information on these grants).

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**Hawaii**

Hawaii is one, statewide school district. The school district cannot directly levy taxes of any kind. Education revenue is collected by the state and distributed to schools.

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**Idaho**

Idaho sets a level above which local property tax rates require voter approval. School districts in Idaho are not required to impose local property taxes for education, but they may impose several supplemental property taxes for operations and facilities costs, which require varying levels of voter approval.

School districts in Idaho may levy several supplemental levies, most of which require voter approval: Supplemental maintenance and operations levies must be authorized through a referendum, though they may be reduced by the board of trustees. Districts may impose a levy of up to \$2.00 for every \$1,000 of assessed local property wealth for school plant facilities, with the approval of 55% of voters; between \$2.00 and \$3.00 for every \$1,000 of assessed local property wealth with the approval of 60% of voters; and up to \$4.00 for every \$1,000 of assessed local property wealth with the approval of two-thirds of voters.

School districts do not require voter approval to impose emergency levies to account for an increase in the student count or to impose a tort levy to fund a liability plan.

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**Illinois**

Illinois sets ceilings for local property tax rates, and a level above which voter approval is required. Limits differ depending on the type of district and the type of tax.

For educational purposes, most elementary and secondary districts may levy tax rates of \$9.20 for every \$1,000 of assessed local property wealth without voter approval and \$35.00 with voter approval, while K-12 districts may levy a tax rate of \$18.40 for every \$1,000 of assessed local property wealth without voter approval and \$40.00 with voter approval. For operations and maintenance purposes, elementary and secondary districts may levy rates of \$2.50 for every \$1,000 of assessed local property wealth without voter approval and \$5.50 with voter approval, while K-12 districts may levy a rate of \$5.00 for every \$1,000 of assessed local property wealth without voter approval and \$7.50 with voter approval. School districts are also limited in the tax rates they may impose for specific purposes: for special education, elementary and secondary districts may levy rates of \$0.20 for every \$1,000 of assessed local property wealth without voter approval and \$4.00 with voter approval, while K-12 districts may levy a rate of \$0.40 for every \$1,000 of assessed local property wealth without voter approval and \$8.00 with voter approval. Other levies for specific purposes, including those to fund vocational building programs, capital improvements, transportation, and summer school programs, are subject to their own limits and voter approval requirements.

The law also provides for counties to opt into a different set of property tax limitations. School districts in counties that do so are exempt from the limit on the tax rate for educational purposes. They are instead limited to property tax increases of the lesser 5%, or the increase in the national Consumer Price Index for the year preceding the levy year. Tax rate increases exceeding this limit require voter approval. Additionally, property taxes imposed by the board of Chicago Public Schools are bound by different limits on tax rates for educational purposes, capital improvements, and employer contributions to the Public School Teachers' Pension and Retirement Fund of Chicago.

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**Indiana**

Indiana sets a level above which property tax rates require the approval of two thirds of voters. Any property tax imposed by a local government unit, including by a school district, is limited to a percentage of the property's value that varies depending on the type of property. Property taxes that are approved by voters in a referendum are not subject to these limits.

Indiana does not require school districts to impose a minimum tax rate. School districts may impose supplemental levies for specific purposes such as transportation, debt service, and capital projects. Additionally, they are required to impose taxes at rates sufficient to pay their debt service obligations. Property taxes, including those levied by school districts, are capped at 1% of property value for homesteads, 2% for residential property and agricultural land, and 3% for nonresidential properties. However, school districts may impose property taxes that exceed these caps with voter approval.

School districts may impose several supplemental levies without voter approval: districts may impose a tax of up to \$4.17 for every \$1,000 in assessed local property wealth for capital projects and may impose a tax rate sufficient to pay transportation costs and to replace buses. Districts in Allen County that have been the target of constitutional challenges regarding racial segregation may petition their local government to raise taxes to fund a racial balance initiative.

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**Iowa**

Iowa sets a floor for local property tax rates. School districts are required to impose at least \$5.40 for every \$1,000 of assessed local property wealth. Iowa sets no limit on how much school districts may raise, but it does limit how much school districts may spend.

The state funding formula sets a maximum authorized budget that is the sum of the district's formula amount and funding generated by supplemental taxes and revenue from sources outside of the funding formula. Districts may not levy taxes to fund spending in excess of this budget amount. However, school boards may still levy taxes to increase their cash reserves, which are not included in the maximum authorized budget. Though these levies are not limited, they are reviewed annually by the School Budget Review Committee, a state entity that may require a district to reduce its levy.

School districts in Iowa may impose supplemental levies for a number of purposes, including instructional support, education improvement, physical plant and equipment (limited to \$0.33 for every \$1,000 of assessed local property wealth without voter approval, and \$1.34 for every \$1,000 of assessed local property wealth with voter approval), playground and recreational spaces (limited to \$0.135 for every \$1,000 of assessed local property wealth), certain liability costs, school district reorganization, and disaster recovery (limited at \$0.27 for every \$1,000 of assessed local property wealth). These are included in the maximum authorized budget. Debt service levies are limited to \$4.05 for every \$1,000 of assessed local property wealth, with voter approval.

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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**

Kentucky does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required.

However, if a local taxing district, including a school district, increases the property tax rate by more than 4% over the previous year, taxpayers may petition to prevent the tax increase. If 10% of taxpayers who voted in the last presidential election sign a petition, a referendum will be held to adopt or reject the tax rate.

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**Louisiana**

Louisiana sets a ceiling on local property tax rates, as well as a level above which voter approval is required. School districts may impose up to \$5.00 for every \$1,000 of assessed local property wealth, without voter approval, with the exception of Orleans Parish, which may impose \$13.00 for every \$1,000 of assessed local property wealth.

In addition, school districts may impose a further tax of up to \$70.00 for every \$1,000 of assessed local property wealth with the approval of a majority of voters.

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**Maine**

Maine does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. School districts in Maine do not directly impose property taxes, but municipalities are not limited in what they may levy for schools.

In Maine, municipalities impose property taxes in accordance with the school budgets approved by voters. Maine does have a limit on municipal property taxes, but this limit does not apply to property taxes raised for schools.

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**Maryland**

Maryland sets a floor for local property tax rates. Local jurisdictions must impose taxes sufficient to provide the greater of their local share or the same amount of revenue they provided in the previous year.

In Maryland, school districts do not directly impose property taxes; they rely on local jurisdictions, including counties and the city of Baltimore, for local funding. Each local jurisdiction is required to provide at least the greater of their local share, or the same amount of revenue in the current year as it provided in the prior year, and therefore must set tax rates sufficient to raise this amount. Local governments may apply to the Maryland State Board of Education for temporary waivers to this requirement.

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**Massachusetts**

Massachusetts sets both a floor and a ceiling for local property tax rates. School districts in Massachusetts may not directly impose taxes; property taxes for education are imposed by municipalities.

Municipalities must raise a local contribution that varies based on the district's contribution in the previous year, and a target based on property and income wealth, and student need. Massachusetts also sets limits on municipalities' overall tax rate: a municipality may not impose a property tax rate of more than \$25.00 for every \$1,000 of taxable property wealth or increase the tax rate by more than 2.5% from year to year. However, in order to pay for certain capital projects or to meet specified debt service costs, municipalities may impose taxes at rates above these limitations with voter approval. These exceptions require a vote of two-thirds of the municipality's governing body, and the approval of a majority of voters.

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**Michigan**

Michigan sets a ceiling for local property tax rates. School district property tax rates are limited to \$18.00 for every \$1,000 of local property wealth (excluding the value of principal residences and agricultural properties).

Certain districts are permitted to impose further taxes on both homestead and non-homestead property if they need to in order to raise as much revenue as they received in FY1994. Moreover, certain school districts whose property values have risen faster than the rate of inflation may be required to reduce their tax rates to offset this increase. In addition to these taxes, school districts may impose additional taxes to pay for capital projects, or to purchase land for future building projects with voter approval. Intermediate school districts may impose a further \$3.00 for every \$1,000 of local property wealth for operations.

Though districts are expected to raise \$18.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools, this tax requires voter approval.

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**Minnesota**

Minnesota sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. These limitations vary by district.

School districts are required to impose property taxes for general education and for facilities expenses. School districts are also limited in the tax rates they may impose in each of about fifty types, including those for various costs, like declining enrollment, English-language learners, and pensions. These levies are used to generate a limitation for each district. School districts may impose additional property taxes with voter approval. Additional revenue generated from a voter-approved operating levy tax is capped at \$1,891 per pupil unit for FY2017 and adjusted annually for inflation. Districts that are eligible for increased funding for sparse school districts are not subject to this cap.

In addition, voters may approve a bond issue that exceeds these limitations.

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**Mississippi**

Mississippi sets a floor and a ceiling for local property tax rates. School districts must impose a tax rate of at least \$28.00 for every \$1,000 of taxable property wealth and may not raise more than \$55.00 for every \$1,000 of assessed local property wealth.

However, levies to fund debt service may be imposed in excess of \$55.00 for every \$1,000 of assessed local property wealth.

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**Missouri**

Missouri sets a floor for local property tax rates. School districts must impose a tax rate of at least \$27.50 for every \$1,000 of taxable property wealth.

Missouri does not set a threshold above which voter approval is required, but setting property tax rates always requires voter approval, regardless of the rate being set. Each year, the school board is required to prepare an estimate of the tax rate required for operating costs and for capital projects and submit the question to voters. School districts must impose at least \$27.50 for every \$1,000 of taxable property wealth for districts to receive state funding. If the school board believes it necessary, or if a petition is submitted with signatures from 10% of the number voters who voted for the school board member receiving the greatest number of votes, the board may ask for voter approval to increase the property tax rate.

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**Montana**

Montana sets a floor and a ceiling on local property tax rates, and a level above which voter approval is required. These limitations vary by district.

School districts are required to impose a levy sufficient to meet their expected local contribution amount (see “Expected Local Share” for a description of how this amount is calculated). With voter approval, school districts may impose further taxes to meet a maximum, equal to 100% of the district’s per-district amount and a per-student amount and other program-specific allocations. In limited cases, school districts may also exceed this maximum, with voter approval, up to the prior year’s spending plus the highest optional levy ever imposed.

In addition, school districts may also impose levies for transportation, bus depreciation, tuition, and adult education without voter approval.



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**Nebraska**

Nebraska sets a level above which local property tax rates require voter approval. School district tax rates are limited to \$10.50 for every \$1,000 of taxable property wealth, but districts may exceed this limit with voter approval.

If two-thirds of school board members approve a resolution, or if at least 5% of registered voters submit a petition, the school district will hold a referendum on imposing a property tax rate that exceeds the limitation. Moreover, bond principle and interest are excluded from the limitation.

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**Nevada**

Nevada sets both a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts in Nevada may not directly impose property taxes; property taxes for education are imposed by counties on behalf of county school districts.

County governments must levy and collect a property tax of exactly \$7.50 for every \$1,000 of assessed property wealth for the purposes of funding the schools within their school districts. Counties must also levy property taxes sufficient to pay the interest and redemption costs of school district bonds.

In addition, with the approval of a majority of voters in a county referendum, county governments may levy one supplemental tax to fund general capital improvements in schools, and a second to fund the construction of new school buildings as required by a rise in enrollment. If the county school district has fewer than 25,000 pupils, these taxes are each limited to \$7.50 for every \$1,000 of assessed local property wealth. If the district has 25,000 pupils or more, these taxes are limited to a combined \$5.00 for every \$1,000 of assessed local property wealth.

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**New Hampshire**

New Hampshire sets a floor for local property tax rates. School districts in New Hampshire do not directly impose property taxes. Municipalities impose a statewide education property tax at a rate that is set by the state and may also impose local education property taxes.

The Department of Revenue Administration determines the property tax base in each municipality and sets tax rates that raise a total of \$363 million in local revenue when applied to the tax base in all municipalities. In FY2018, this tax rate was \$2.26 for every \$1,000 for every \$1,000 of assessed local property wealth. In practice, however, the rate for the statewide education property tax has varied somewhat from municipality to municipality. In addition, municipalities may raise additional local property taxes for school purposes, which are not limited.

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**New Jersey**

New Jersey does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts may not increase property taxes by more than 2% per year unless a majority of voters approve, or in certain exceptional cases.

The governing body of a school district may submit a property tax increase that exceeds 2% for voter approval in a referendum. In addition, the 2% cap is adjusted upwards in certain cases, including when districts see increases in required pension contributions or healthcare costs exceeding 2%, when they face extraordinary costs related to an emergency, and for debt service.

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**New Mexico**

New Mexico sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. Districts are required to impose \$0.50 for every \$1,000 of assessed local property wealth for operations. They may impose some additional taxes which require voter approval but may not impose more than \$15.00 for every \$1,000 of assessed property wealth for debt service, school buildings, and capital improvement combined.

Within this limitation, districts may impose, with voter approval, up to \$10.00 for every \$1,000 of assessed local property wealth to build or improve school buildings, and separately up to an additional \$2.00 for every \$1,000 of assessed local property wealth for capital improvements. School districts may also issue general obligation bonds to build, remodel, or furnish school buildings, with the approval of local voters. The value of these bonds is limited to 6% of the district's assessed local property wealth.

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**New York**

New York sets a floor for local property tax rates. School districts must contribute the lesser of two per-pupil amounts calculated by the state, produced through two different formulas that both consider local property values and levels of local income.

In addition, year-on-year tax increases are limited to the lesser of 2% or the increase in the consumer price index, unless districts gain the approval of 60% of voters.

The state's five largest cities, where the city school district is wholly dependent on the municipality for funding, are limited to a share of assessed local property wealth for their total municipal budget, including education. New York City may only levy up to \$25.00 for every \$1,000 of assessed property wealth in total, where the property wealth is determined by a five-year average; The other four large cities may only levy \$20.00 for every \$1,000 of assessed property wealth.

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**North Carolina**

North Carolina does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts do require voter approval to trigger the imposition of a particular type of supplemental property tax.

School districts in North Carolina do not directly impose taxes, with a few exceptions. Rather, school districts are funded through county appropriations and counties may impose property taxes for school purposes without any restrictions.

However, with voter approval, school districts may also direct counties to impose an additional such property tax beyond what the county has imposed under its own authority. School districts may petition the county to hold a voter referendum on imposing a supplemental property tax dedicated to schools, of up to \$5.00 for every \$1,000 of assessed local property wealth.

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**North Dakota**

North Dakota sets a level above which local property tax rates require voter approval. School districts may not impose more than \$70.00 for every \$1,000 in assessed local property wealth for general purposes without voter approval. School districts are also limited in imposing local property taxes for other purposes.

School districts may impose up to \$70.00 for every \$1,000 in local taxable property wealth for general purposes without voter approval. Districts are also limited to a 12% increase from the previous year, which limits some districts below \$70.00 for every \$1,000 assessed local property wealth. School districts may also impose additional property taxes beyond \$70.00 for every \$1,000 in assessed local property wealth for specific purposes, most of which are limited. These include taxes for the building fund (up to \$20.00 for every \$1,000 in assessed local property wealth, or \$35.00 for Fargo, with voter approval), the special reserve fund (up to \$3.00 for every \$1,000 in assessed local property wealth), and the miscellaneous fund (up to \$12.00 for every \$1,000 in assessed local property wealth).

School districts are not limited in the rate they impose for tuition, judgments, bond sinking and interest, or in special assessment districts for certain capital projects.

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**Ohio**

Ohio sets a level above which local property tax rates require voter approval. Localities, including school districts, counties, and cities and townships, may impose, in total, \$10.00 for every \$1,000 of assessed local property wealth without voter approval. School districts may impose further property taxes with voter approval.

Of the \$10.00 for every \$1,000 of assessed local property wealth that localities may levy without voter approval, school districts impose, on average, \$4.40 for every \$1,000 of assessed local property wealth. In addition, school districts may impose several other levies for operating costs, permanent improvement, and debt service with voter approval.

Some of these additional levies are increased or reduced to compensate for increasing or decreasing property values. However, the impact of this policy on school district tax rates is limited: a school district's combined tax rate from the nonvoted levy and one of the voted operating levies may not drop below \$20.00 for every \$1,000 of assessed local property wealth as a result of this limitation.

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**Oklahoma**

Oklahoma sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. Counties are required to impose two levies for schools, of which at least \$9.00 for every \$1,000 in assessed local property wealth must be directed to schools. School districts and counties may also impose several other levies, some of which require voter approval and all of which are limited to a maximum level.

Counties and school districts in Oklahoma may impose up to seven different levies for education, including five for operations and a further two for maintenance and construction. Some of these may be imposed without voter approval: School boards may impose up to \$15.00 for every \$1,000 in assessed local property wealth for operations. In addition, counties are required to impose a levy of \$4.00 for every \$1,000 in assessed local property wealth for schools and a levy \$15.00 for every \$1,000 in assessed local property wealth, \$5.00 of which must be directed to schools. Career and technical education districts may also impose four additional taxes to fund their programming.

With the approval of a majority of voters in a referendum, school districts may impose two other levies for operations, one limited at \$10.00 for every \$1,000 of assessed local property wealth and another limited at \$5.00 for every \$1,000 of assessed local property wealth. They may also impose a further levy for school maintenance construction limited at \$5.00 for every \$1,000 of assessed local property wealth. With the support of 60% of voters in a referendum, school districts may also impose a levy to pay principle and interest on a bond issue, which has no limit.

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**Oregon**

Oregon sets a ceiling for local property tax rates, and a level above which voter approval is required. School districts are limited to a tax rate that differs by county. However, school districts may exceed this limit with voter approval to impose a rate of up to \$5.00 for every \$1,000 of real market value.

School districts in Oregon face two restrictions in property tax rates they may impose: a maximum rate that differs by county in a way that is related to the county's historical tax rates, and a constitutional limitation of \$5.00 for every \$1,000 of real market value for the purpose of funding its schools. If a school district's limit based on assessed local property wealth is lower than \$5.00 for every \$1,000 of real market value, school districts may exceed this limit with voter approval, to impose a rate up to \$5.00 for every \$1,000 of real market value. If a school district's limit based on assessed local property wealth exceeds \$5.00 for every \$1,000 of real market value, it is limited at \$5.00 for every \$1,000 of real market value.

School districts may exceed the constitutional limit of \$5.00 for every \$1,000 of real market value to issue general obligation bonds and impose an additional tax on newly constructed properties to fund capital improvements. The tax on new construction is limited to a certain percentage per square foot on both residential and non-residential property and a dollar maximum per non-residential property. In FY2018, this tax was limited to \$1.00 per square foot for new residential properties, and \$0.63 per square foot for non-residential properties, and \$31,400 in total per non-residential property.

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**Pennsylvania**

Pennsylvania does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, Pennsylvania does limit the size of permissible property tax increases to an extent that varies by district.

Property tax increases are limited based on an inflation index calculated annually by the state. In order to exceed this limit, school districts must seek secure voter approval in a referendum, or apply to the Department of Education for an exception. Exceptions to this limit are given in certain cases, like rising special education costs, rising employee benefit and retirement payment costs, and significant construction costs.

The calculation for the inflation index takes into account average increases in income in the state over the previous year and the federal cost index for elementary and secondary schools. The index is adjusted upwards for some districts whose property wealth or income levels per weighted student count are lower than the state median.

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**Rhode Island**

Rhode Island does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, property tax rate increases, for all purposes, are limited to 4% per year, with some exceptions.

Local property tax rates are limited to 4% higher than the rates imposed the previous year, unless the city or town experiences one of four conditions: unexpected losses in non-property tax revenue, an emergency situations, debt services payment obligations that grow more quickly than the tax rate, or growth that requires significant school building expenses. Moreover, cities and towns may exceed this limit with the approval of four-fifths of the governing body, or the majority of voters present at a town meeting.

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**South Carolina**

South Carolina does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required.

However, tax rate increases for local jurisdictions, including school districts, are limited in annual tax rate increases based on the Consumer Price Index.

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**South Dakota**

South Dakota does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is generally required. However, South Dakota does set level above which local property tax rates require the approval of two-thirds of school board members, and under limited circumstances may require approval in a voter referendum. This level varies depending on the class of property.

Property taxes for operations are limited depending on the class of property. School districts may levy a tax rate of no more than \$1.507 for every \$1,000 on agricultural property, \$3.372 for every \$1,000 on owner-occupied property, and \$6.978 for every \$1,000 on all other types of property. School boards may exceed these limits with the approval of two thirds of board members. If 5% of voters in the district petition in response to such a board decision, the tax increase will be referred to a referendum.

Property taxes other than operating taxes are also limited. Districts may levy a tax rate of no more than \$1.461 for every \$1,000 for special education, and no more than \$3.00 for every \$1,000 for capital expenses. Beginning with taxes payable in 2021 an alternative limit of \$2,800 per student for taxes for capital expenses will be imposed. The alternative limit will increase for inflation at the same rate as the formula. These limits may not be exceeded even with voter approval.

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**Tennessee**

Tennessee does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, property tax rates in certain school districts require legislative approval.

In Tennessee, very few school districts directly impose local property taxes. Counties and municipalities impose property taxes. Revenue from the county property taxes is distributed to school districts in proportion with the student count of each district. Separately, certain school districts may levy their own local property taxes, but the rate must be approved by the General Assembly.

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**Texas**

Texas sets a ceiling on local property tax rates, as well as a level above which voter approval is required. The level above which districts require voter approval depends on that district's school funding history.

School districts require voter approval to impose a tax rate that exceeds two-thirds of the district's 2005 rate by \$0.40 for every \$1,000 of assessed local property wealth or more. If two-thirds of the district's 2005 rate was more than \$10.00 for every \$1,000, the district may not raise more than \$10.40 for every \$1,000 of assessed local property wealth without voter approval. No school district may levy more than \$11.70 for every \$1,000 of assessed local property wealth even with voter approval.

School districts do not necessarily retain all of the additional revenue they raise from voter-approved mills. All districts retain the first \$0.20 for every \$1,000 of assessed local property wealth levied with voter approval, but in property-rich districts, a portion of revenue raised by a tax rate beyond that level is recaptured for redistribution.

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**Utah**

Utah sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. All school districts must levy at least \$1.596 for every \$1,000 in local wealth in FY2018 in order to receive state funding. School districts may levy several additional taxes, the vast majority of which are limited and some of which require voter approval.

Without voter approval, school districts may impose up to \$1.80 for every \$1,000 in assessed wealth (or \$2.50 if the district's total levies were greater than \$1.80 in 2011) for general purposes, \$0.121 for every \$1,000 for a K-3 reading program, \$3.00 for every \$1,000 for capital projects, \$0.30 for every \$1,000 for transportation, and \$2.40 for every \$1,000 for capital outlay. With voter approval, school districts may further impose \$2.00 for every \$1,000 of assessed local property wealth for general purposes and \$2.00 for every \$1,000 of assessed local property wealth to buy school sites, build and furnish schools, or improve school property.

School districts are not limited in the rate they may levy for general obligation debt and to discharge a judgment or order.

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**Vermont**

Vermont sets a floor for property tax rates. Property owners in all towns pay a uniform property tax rate of \$15.90 for every \$1,000 of assessed local property wealth on non-residential properties, and a rate of at least \$10.00 for every \$1,000 of assessed state property wealth on residential properties.

The state imposes these property taxes, but voters have some control over the residential tax rates they pay. Each town approves a per-pupil spending level for their school district. This per-pupil spending level, based on the district's student count, weighted for grade level, English language learners, and poverty, and the statewide measure of property wealth, the statewide property yield, are used to determine the residential property tax rate for that town. 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.

To determine the rate that taxpayers in each town will pay, Vermont sets a statewide yield to express how much the minimum residential property tax rate (and a set income tax rate) will generate per pupil. In FY2018, a property tax of \$10.00 for every \$1,000 of assessed property wealth generates \$10,160 per pupil, and an income tax of 2% generates \$11,990 per pupil. (Because towns approve a per pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) In addition, for towns that approve a spending per pupil that is above a certain level compared to the state average, set at \$17,386 in FY2018, the excess will be counted twice in the per-pupil spending figure used in the tax rate determination, inflating the tax rate that the town will pay.

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**Virginia**

Virginia sets a floor on local property tax rates, but no ceiling or level above which voter approval is required. School districts in Virginia may not impose local property taxes. However, local government agencies are required to impose local property taxes that are sufficient to raise the expected local share of revenue (see "Expected Local Share" for a description of how this share is calculated).

Counties and cities may also choose to raise more local revenue than the expected local share through higher tax rates, without limit.

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**Washington**

Washington sets a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts in Washington may impose supplemental property taxes up to a ceiling with voter approval and with approval from Office of Superintendent of Public Instruction.

Supplemental levies may be used for transportation, for the construction and maintenance of school facilities, or for other purposes approved by the Office of Superintendent of Public Instruction. These levies are capped at the lesser of \$1.50 for every \$1,000 of assessed local property wealth, or \$2,500 per student adjusted for inflation.

Washington also imposes a fixed state property tax at \$2.70 for every \$1,000 of assessed local property wealth.

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**West Virginia**

West Virginia sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts are required to levy specific tax rates (which vary depending on the type of property), and they may levy higher rates with voter approval, up to a maximum.

School districts are required to levy \$1.94 for every \$1,000 of tangible agricultural property, \$3.88 for every \$1,000 of owner-occupied property and farms, and \$7.76 for every \$1,000 of other real and personal property. These rates are established annually by the legislature. With the approval of a majority of voters in a referendum, school districts may levy up to a total of \$2.295 for every \$1,000 of tangible agricultural property, \$4.59 for every \$1,000 of owner-occupied property and farms, and \$9.18 for every \$1,000 of other real and personal property. These higher rates must be re-approved every five years.

With voter approval, districts may also impose additional property taxes for specific purposes, including to pay the cost of maturing bonds and bond interest and to pay for capital improvements. School districts may issue bonds worth up to 5% of the taxable value of real and personal property within the district and may levy taxes sufficient to pay the principal and interest.

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**Wisconsin**

Wisconsin sets a level above which local property tax rates require voter approval. School districts are limited in what they may raise, including both state aid and local revenue, without voter approval.

For each district, the state imposes a revenue limit, which varies depending on the district and is calculated primarily based on the number of pupils residing in the district, inflation, and the district's prior-year revenue. However, school districts may exceed their revenue limit with voter approval in a referendum. School districts may also apply for an increased revenue limit in light of major changes, like loss of property to another district, new service responsibilities, and declining enrollment.

School districts may also issue bonds to fund capital improvements, with voter approval.

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## Wyoming

Wyoming sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts and counties are required to levy a combined \$31.00 for every \$1,000 of assessed local property wealth, and school boards may levy further taxes for specific purposes, some of which require voter approval.

School districts in Wyoming are required to levy \$25.00 for every \$1,000 of assessed local property wealth for education, and counties are required to levy \$6.00 for every \$1,000. School districts may also levy additional property taxes for specific purposes. Without voter approval, school districts may levy up to \$2.00 for every \$1,000 of assessed local property wealth for postsecondary education services, \$1.00 for every \$1,000 for recreational facilities, \$0.50 for every \$1,000 for cooperative education services, and a tax rate sufficient to pay down debt. (School districts may only carry debt up to 10% of total assessed local property wealth.) With voter approval, school districts may levy up to \$2.50 for every \$1,000 of assessed local property wealth for vocational and adult education, and an amount determined by voters to buy land, or to erect, expand, or equip school buildings.

When a school district's revenue from the required local taxes exceeds the amount calculated by the state to be necessary for that district, the excess revenue is rebated to the state Department of Education and redirected to aid other districts.

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

