School District Levy Example

In the example scenarios shown below, the Spartan Town School District levy allocated to the Spartan Town Municipality is $5,000 in both Year 1 and Year 2, and the total property value in the municipality is comprised of either two or three residences, depending on scenario shown. The scenarios illustrate the proportional effects on individual property levies based on changes in assessed values within the Spartan Town Municipality.

School district levy: Spartan Town, WI = $5,000

Scenario 1: Flat levy, equally increasing assessments

Residence A   Residence B

Year 1 Assessed Value = $100,000   Year 1 Assessed Value = $100,000
Year 2 Assessed Value = $125,000   Year 2 Assessed Value = $125,000

With a proportional change in assessed values, each resident still owns 50% of the total property value in the Spartan Town municipality of the School District

Percent of property value in Spartan Town:

Year 1 School District Levy = $5,000   Year 1 Total = $200,000
$5,000 * 50% = $2,500 tax per residence   Residence A = $100,000 - or 50% of total
                                                                                      Residence B = $100,000 - or 50% of total

Year 2 School District Levy = $5,000   Year 2 Total = $250,000
$5,000 * 50% = $2,500 tax per residence   Residence A = $125,000 - or 50% of total
                                                                                      Residence B = $125,000 - or 50% of total

Scenario 2: Flat levy, new construction, equivalent assessments

NEW CONSTRUCTION

Residence A   Residence B   Residence C

Year 1 Assessed Value = $100,000   Year 1 Assessed Value = $100,000   *Year 1 - Not Assessed*
Year 2 Assessed Value = $100,000   Year 2 Assessed Value = $100,000   Year 2 Assessed Value = $100,000

After new construction, each resident now owns 33% of the total property value in the Spartan Town municipality of the School District, and the original two residences have seen their shares of the levy decrease

Percent of property value in Spartan Town:

Year 1 School District Levy = $5,000   Year 1 Total = $200,000
$5,000 * 50% = $2,500 tax per residence   Residence A = $100,000 - or 50% of total
                                                        Residence B = $100,000 - or 50% of total

Year 2 School District Levy = $5,000   Year 2 Total = $300,000
$5,000 * 33% = $1,667 tax per residence   Residence A = $100,000 - or 33% of total
                                                        Residence B = $100,000 - or 33% of total
                                                        Residence C = $100,000 - or 33% of total

Scenario 3: Flat Levy, varied assessments

Residence A   Residence B

Year 1 Assessed Value = $100,000   Year 1 Assessed Value = $100,000
Year 2 Assessed Value = $150,000   Year 2 Assessed Value = $100,000

With a varied change in assessed values, the proportion of property value owned by each resident in the Spartan Town municipality of the School District changes, and the levy for each resident also changes proportionally

Percent of property value in Spartan Town:

Year 1 School District Levy = $5,000   Year 1 Total = $200,000
$5,000 * 50% = $2,500 tax per residence   Residence A = $100,000 - or 50% of total
                                                        Residence B = $100,000 - or 50% of total

Year 2 School District Levy = $5,000   Year 2 Total = $250,000
$5,000 * 60% = $3,000 tax on Residence A   Residence A = $150,000 - or 60% of total
$5,000 * 40% = $2,000 tax on Residence B   Residence B = $100,000 - or 40% of total

Scenario 4: Flat levy, new construction, varied assessments

NEW CONSTRUCTION

Residence A

Residence B

Residence C

Year 1 Assessed Value = $100,000
Year 2 Assessed Value = $110,000

Year 1 Assessed Value = $100,000
Year 2 Assessed Value = $125,000

Year 1 - Not Assessed
Year 2 Assessed Value = $140,000

After new construction, each resident now owns less than 50% of the total property value in the Spartan Town municipality of the School District, and the original two residences have seen their shares of the levy decrease

Percent of property value in Spartan Town:

Year 1 School District Levy = $5,000
$5,000 * 50% = $2,500 tax per residence

Year 1 Total = $200,000
Residence A = $100,000 - or 50% of total
Residence B = $100,000 - or 50% of total

Year 2 School District Levy = $5,000
$5,000 * 29% = $1,467 tax on Residence A
$5,000 * 33% = $1,667 tax on Residence B
$5,000 * 37% = $1,867 tax on Residence C

Year 2 Total = $375,000
Residence A = $110,000 - or 29% of total
Residence B = $125,000 - or 33% of total
Residence C = $140,000 - or 37% of total

**Generally, the levy will not remain the same year over year. Assessed values can change both in a positive and negative direction, depending on circumstances, and the Wisconsin Department of Revenue will also apply an assessment ratio to property in order to bring assessment closer to market value (and therefore 'equalize' values across the state by prompting reassessments). Market downturns or surges can cause change on a large scale across the district. Tools such as Tax Incremental Districts (TIDs), used by municipalities to invest in infrastructure and to spur development, also have an effect on levy distributions as TIDs generate new construction or renovations, but also remove the associated increase in property value from the overall taxable value in the municipality for multiple years (and then add the increased value back to the total taxable value when the TID closes). The take-away from this discussion is that changes in the determination of the value of a property (either from assessment changes or other factors), when compared to other properties in a given municipality, will have proportional effects on the tax levied on each of the properties, all other factors equal.