

As many of us have received our property taxes this past few weeks, I would like to explain how school taxation works in the state of Wisconsin.

Schools receive their tax money from the State. The State of Wisconsin computes the amount of property tax you pay by multiplying the "Total Estimated Fair Market Value" of your property times the "Mill Rate" that the district determines at the October School Board meeting. Mill rate is the amount that we levy per \$1,000 of value of the property. The mill rate this year for the district is 0.009553733. This means that if you own a house with an estimated fair market value of \$150,000, your property tax total would be \$1,433.06. Our mill rate decreased this year by 0.31%, and has decreased for four of the past five years.

So if the school district decreased their mill rate, why did my taxes go up?

In 2020, property values rose significantly. For example, property values in the City of Seymour went up over 7%. The town of Oneida increased over 11%. With the uptick in property values, your property is worth more, so the amount you pay is more because of the increased value. Instead of paying \$9.55 times \$150 (thousand), you now pay \$9.55 times \$165 (thousand). So despite the fact that the school did not increase the rate, the value of the property increased, and the amount of taxes collected went up.

This amount from multiplying the mill rate times the total estimated fair market value then gets reduced by the school levy tax credit. Your net tax should equal this amount after the subtraction, rounded up.

"Total Est. Fair Market Value" x 0.009553733 (mill rate) – School Levy Tax Credit = Net tax.

Municipalities levy against the "Total Assessed Value" of the property. This value does not typically vary from year to year. So when a municipality such as the city, village, town or county changes their mill rate, that has the similar effect on your taxes. When the "assessment ratio" goes under .90, the municipality needs to have a reassessment done in the next five years to get the two values closer in value. With the larger increases in property value, expect that to occur sooner rather than later.

I hope this explanation helps you understand how Wisconsin taxation works. If you have further questions or want to talk specifics, please feel free to give me a call or email.

Happy New Year and here is to a wonderful 2021!

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