



# Mancos School District

## Mill Levy Correction Overview

School Board Meeting 9.20.21

## Goals for tonight

1. Share the history and mechanics of local mills dedicated to funding the Mancos School District
2. Describe the legislation focused on mill levy correction and the implementation of the legislation
3. Communicate what the mill levy correction means for the Mancos School District

## History: The 1994 School Finance Act Sought a Balanced Approach Between State/Local Funding of Colorado Schools

30 years ago, the legislature stepped in to ensure the relationship between state and local taxpayers would be one of equal partners. In which each would share equally, the cost of supporting our public schools.

The 1994 school finance act required half of the bill for funding public education to be paid by state taxpayers and the other half to be paid by local property taxpayers.



## The Finance Act Also Sought to Equalize The Mill Levy Rate in All School Districts

This finance act required a uniform school mill levy in every school district in the state.

They required the state to equalize local funding regardless of the extent to which local property taxes were insufficient to pay the funding a school district was entitled to receive.

They also limited additional amounts school districts could raise from local taxpayers and ensured that every student would be funded at the same level regardless of where the student lived.

# These Tax Policy Goals Are No Longer in Place and This is Where the Problem Begins

In the current school year statewide:

Local property taxpayers contribute 39% of revenue

State taxpayers contribute 61% of revenue

## Mechanics: Determining the Local Share of Funding

### Definition of Total Program Funding:

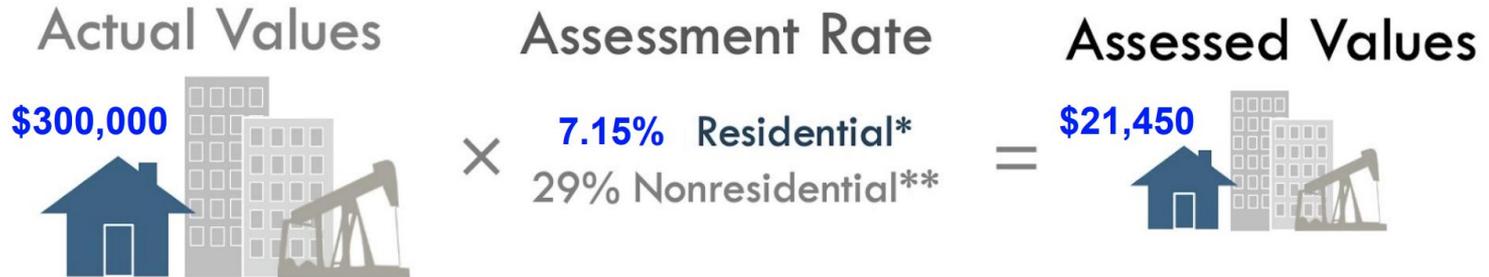
Refers to the total amount required by the state funding formula to fund the school district on an annual basis. Typically there are two portions:

- local share (property taxes and specific ownership)
- state share (state funds appropriated by the Legislature)

Districts have different ratios of local to state share in their Total Program. Some are totally funded by local share; others receive most revenue from state share. The ratio depends on multiple factors.

- Districts may have Mill Levy Overrides and/or bonds that allow them to collect property taxes above and beyond the amount required for Total Program [which Mancos School District does](#).

## Local Property Taxes Make Up the Majority of Local Share.

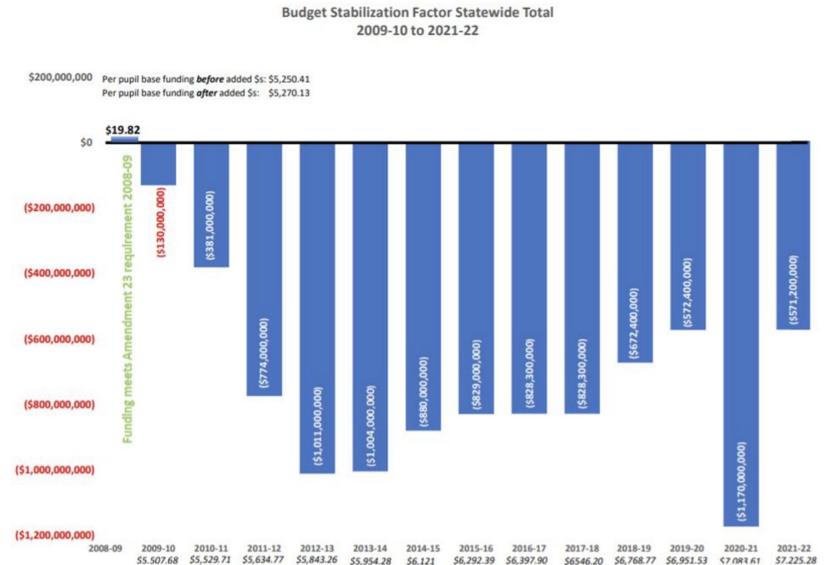


<b>Assessed Value</b> (Taxable Value)	 <b>Mill Lev</b>	 <b>Property Tax Revenue</b>
\$21,450	27 mills	\$579.15
\$21,450	25 mills	\$536.25
\$21,450	2 mills	\$42.90

# The Budget Stabilization Factor Tracks the Shortfall in State Share

When the great recession hit, the state was unable to meet its obligation to backfill what was needed to get school districts to their total program funding amount.

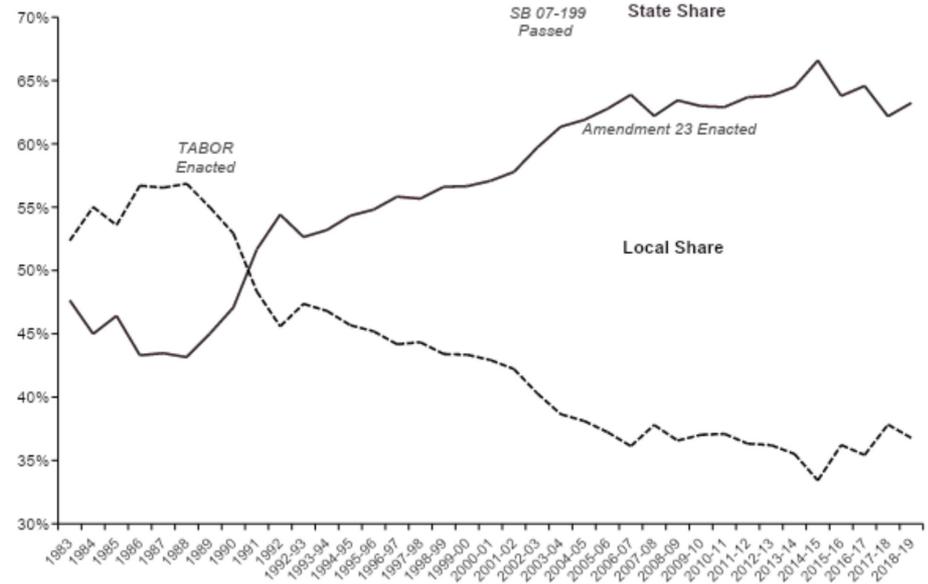
It created what is now known as the Budget Stabilization Factor.



# The Drop in Local Share Triggered a Rise in State Share

The demand on the state budget over the years, has been partially triggered by the drop in local share.

As less is raised locally, more must be provided at the state level to backfill what is needed to fund the districts total program amount.



Mill Levy Correction Overview

Timeline: How did this all  
transpire?

## Timeline

School districts in Colorado, based on an interpretation of the statute by CDE, **began collecting less local property tax** for education than their voters had authorized.

## Timeline

In the 1990s and 2000s, many Colorado school districts obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by TABOR (Taxpayer Bill of Rights).

This is referred to as “de-brucing or “de-TABORing”

Districts that de-TABORed had permission from the voters to keep their local property tax mill levies (their local share) at the level in place at the time of the de-TABOR vote.

Mancos School District voters approved total program mills of 39.193 when we de-TABORed back in 1995 or 1996.

## Timeline

CDE interpreted the statute such that some de-TABORed districts, which included Mancos, should reduce their local share through 2007.

As a result, the Mancos School District did.

However, because de-TABORed districts had permission from the voters to keep their mill levies at a higher level (39.193 program mills for Mancos), the state realized that this share should not have been reduced.

Because of the reduction to mill levies made between the early 1990's and 2007, the local share collected by those districts went down, and state share went up.

Mill Levy Correction Overview

How is the state fixing it?

# Legislation focused on mill levy correction and the implementation of the legislation through 3 Steps

## Step 1

In June 2020, the legislature passed HB20-1418. The 20-21 School Finance Act required districts to levy the number of mills specified by the requirements in the bill, including the establishment of temporary tax credits, if necessary, to correct historical errors.

The bill required districts to set a mill levy target equal to the lowest of 1 of these 3 options:

1. The mills required to fully fund the district with local property taxes;
2. The mills in place at the time the district de-TABORed (Mancos 39.193)
3. 27.000 mills (Mancos' only option)

## Step 1 (Continued)

The right table shows what was certified in December 2020.

- **HB20-1418 Mills = 27**
- **Tax Credit = 11.342**
- **Current Mills = 15.658**

District	Total Program Mills		Current Mills 2020-21
	HB20-1418 Mill Levy	Tax Credit	
GENOA-HUGO	27.000	9.913	17.087
LIMON	27.000	5.176	21.824
KARVAL	27.000	0.000	27.000
VALLEY	27.000	0.349	26.651
FRENCHMAN	27.000	0.000	27.000
BUFFALO	27.000	0.000	27.000
PLATEAU	27.000	9.582	17.418
DEBEQUE	10.972	7.542	3.430
PLATEAU VALLEY	27.000	15.550	11.450
MESA VALLEY	27.000	2.786	24.214
CREEDE	27.000	6.547	20.453
MOFFAT	27.000	6.484	20.516
MONTEZUMA	27.000	8.155	18.845
DOLORES	27.000	6.117	20.883
<b>MANCOS</b>	<b>27.000</b>	<b>11.342</b>	<b>15.658</b>
MONTROSE	27.000	5.033	21.967
WEST END	27.000	7.101	19.899
BRUSH	27.000	0.000	27.000

## Step 2

In 2021, the legislature passed HB 21-1164, requiring CDE to implement a correction plan (Mill Levy Correction) for districts with temporary tax credits.

# An Act

HOUSE BILL 21-1164

BY REPRESENTATIVE(S) Esgar and Garnett, Amabile, Arndt, Bacon, Bernett, Bird, Caraveo, Cutter, Daugherty, Duran, Exum, Froelich, Gonzales-Gutierrez, Gray, Hooton, Jackson, Kennedy, Kipp, Lontine, McCormick, McLachlan, Michaelson Jenet, Mullica, Ortiz, Ricks, Sirota, Snyder, Titone, Valdez A., Weissman, Woodrow, Young; also SENATOR(S) Zenzinger and Fenberg, Bridges, Buckner, Danielson, Donovan, Fields, Ginal, Gonzales, Hansen, Jaquez Lewis, Kolker, Lee, Moreno, Pettersen, Priola, Rankin, Story, Winter.

CONCERNING REDUCTIONS IN THE PROPERTY TAX CREDITS THAT APPLY TO SCHOOL DISTRICTS' TOTAL PROGRAM MILL LEVIES FOR PURPOSES OF FUNDING THE "PUBLIC SCHOOL FINANCE ACT OF 1994".

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 22-54-106, **amend** (2.1)(a) and (2.1)(d) as follows:

**22-54-106. Local and state shares of district total program - legislative declaration - definition - repeal.** (2.1) (a) (I) The general assembly finds that, for property tax years 1994 through 2006, subsection (2)(a)(III) of this section, as it existed before May 9, 2007, was wrongly

*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

## Step 3 (Where we are)

CDE developed an implementation plan for HB21-1164. Beginning in the 2021 tax year, districts with temporary tax credits will **reduce their tax credits by a maximum of one mill each year until the credits are reduced to zero.**

To the right is an example of how the Mancos School District's Tax Credit will change over the next 12 years.

Year	Mill Levy	Tax Credit	Current Mills
2020	27.00	11.342	15.658
2021	27.00	10.342	16.658
2022	27.00	9.342	17.658
2023	27.00	8.342	18.658
2024	27.00	7.342	19.658
2025	27.00	6.342	20.658
2026	27.00	5.342	21.658
2027	27.00	4.342	22.658
2028	27.00	3.342	23.658
2029	27.00	2.342	24.658
2030	27.00	1.342	25.658
2031	27.00	.342	26.658

Mill Levy Correction Overview

What does this mean for the  
taxpayers in our school district?

# Example-Comparison

Actual Value



Residential  
Assessment Rate

Assessed  
Property Value:

Mill  
Levy:

**Property Tax Bill  
for Education**

**\$300,000**

x

**Rate = 7.15%**

=

**\$21,450**

x

**.015658**

=

**\$335.86**

Actual Value



Residential  
Assessment Rate

Assessed  
Property Value:

Mill  
Levy:

**Property Tax Bill  
for Education**

**\$300,000**

x

**Rate = 7.15%**

=

**\$21,450**

x

**.016658**

=

**\$357.31**

One year later, when the decrease of one tax credit has been implemented, the homeowner will pay \$21.45 per year more in property taxes for education from the mill levy correction.

## Mill Levy Correction Overview

Now that there will be more local property tax generated from Local Share - Where will the additional state portion be allocated?

# Money allocation

The estimate for the 21-22 school year is that the Mill Levy Correction will generate ~\$90M in additional state-wide local share.

These are funds that won't need to be paid from state sources.

Therefore, the funds may be redirected, for example:

- New factor changes in the finance formula such as the new ELL factor
- Possibility of improving funding for special education students
- Addition of reduced lunch counts to the at-risk funding
- A small decrease in the budget stabilization factor.

Mill Levy Correction Overview

**Key takeaways**

# Key takeaways

1. Mill Levy Correction is a legislative and legal directive to correct a historical undercollection of local property taxes.
2. The historical undercollection resulted in districts collecting less in property taxes for education than their voters had approved by de-TABORing.
3. Mill Levy Correction is in [law, dictated by state statute; it is not a local decision](#) to raise property taxes.
4. Mill Levy Correction is a [phased approach](#) to restoring local property taxes to the levels voters authorized.
5. Mill Levy Correction will result in local taxpayers increasing their taxes to previously approved levels, or to an appropriate level as defined by HB20-1418. [\(For Mancos it will be 27.00 Mills\)](#)
6. There are no retroactive payments or penalties--[the law only applies to future years.](#)
7. Funds generated through Mill Levy Correction will result in more fiscal resources overall being available for education.



# Thank you

This presentation will be posted to the Mancos School District Website, [www.mancosre6.edu](http://www.mancosre6.edu). Please reach out to Todd Cordrey or Chrissie Miller with questions at 970-533-7748.