

Tax Rates



Estimated Property Tax Rate

Effective January 1, 2009, per Section 137.180 RSMo, in a year the assessor increases the valuation of real property, the county clerk on or before March 15 shall send estimated assessed valuation amounts to the school district that is in a county with a charter form of government, other than any county adopting a charter form of government after January 1, 2008, (Jackson, St. Charles, and St. Louis Counties). Each school district shall then calculate and submit an estimated non-binding property tax rate to the county clerk's office by April 8 in odd-numbered years, as required by Section 137.243, RSMo. Effective for all calendar years prior to the first day of January of the year following receipt of software necessary for the implementation of the requirements of Section 137.180 RSMo, in a year the assessor increases the valuation of real property, the county clerk on or before March 15 shall send estimated assessed valuation amounts to all school districts. Each school district shall then calculate and submit an estimated non-binding property tax rate to the county clerk's office by April 8 in odd-numbered years, as required by Section 137.243, RSMo.

The State Auditor's Office (SAO) does not have authority to review the estimates made. Forms or calculations used to estimate non-binding property tax rate(s) should NOT be sent to the SAO. Also, Section 137.243.4, RSMo, states that the failure by a political subdivision to provide the clerk with a projected tax levy in the time prescribed shall result in a 20% reduction in their tax rate for the year unless such failure is a direct result of a delinquency or failure of the county to provide the information required by this section.

Tax Rate Ceiling

Each school district, except counties and any political subdivision located at least partially within any county with a charter form of government or any political subdivision located at least partially within any city not within a county (Jackson, St. Louis City, St. Charles, and St. Louis Counties), shall fix its ad valorem property tax rates no later than September 1 for entry into the tax books at the county.

Each school district located at least partially within a county with a charter form of government or within a city not within a county (Jackson, St. Louis City, St. Charles, and St. Louis Counties), shall fix its ad valorem property tax rates no later than October 1 for entry into the tax books at the county.

In order for the school district to complete the calculation of the tax rate ceiling for operating funds, the school district needs the following data (from the identified sources):

- locally assessed real property for the prior year and for the current year (county clerk)*
- locally assessed personal property for the prior year and for the current year (county clerk)*
- total locally assessed valuation for the prior year and for the current year (county clerk)*
- assessed valuation of new construction and improvements for real property only (county clerk)*
- assessed valuation of property in newly added territory (county clerk)*
- assessed valuation of property in newly separated territory (county clerk)*
- assessed valuation of property locally assessed in the prior year but state assessed in the current year (county clerk)*
- maximum prior year revenue from state assessed property before sales tax reduction (estimate by the Department of Elementary and Secondary Education School Finance Section)
- estimated current year revenue from state assessed property before sales tax reduction (estimated by the school district in collaboration with other school districts in the county)

*Per Section 137.245 RSMo, the county clerk in all counties, and the assessor in St. Louis City (excludes Jackson, St. Charles and St. Louis Counties), shall forward a copy of the aggregate valuation listed in the tax book for each school district, except counties and municipalities maintaining their own tax or assessment books, to the governing body of the subdivision by the July 20 of each year. In any county which contains a city with a population of one hundred thousand or more inhabitants which is located within a county of the first classification that adjoins no other county of the first classification (Jackson county), the clerk of the county shall provide the final revised assessed valuation listed in the tax book for each school district within the county to each such district on or before the August 15 of each year. The clerk of any county of the first classification with a charter form of government and with more than six hundred thousand but less than seven hundred thousand inhabitants (St. Louis County) shall forward a copy of the aggregate valuation listed in the tax book for school districts within the county to each such district by the July 15 of each year.

A school district begins by computing its tax rate ceiling on forms provided by the SAO. The SAO forms outline the calculations to ensure levies are in compliance with Article X, Section 22, of the Missouri Constitution (Hancock limit) and Section 137.073, RSMo (statutory limit). The tax rate ceiling is the maximum rate for *operating* funds (all funds but the Debt Service Fund) approved by the SAO for the current year prior to any adjustment for a Proposition C rollback, voluntary rollback, or a recoupment levy. A separate set of SAO forms will be completed if a district has a temporary levy (a levy with a sunset provision).

Revision to 2010 Tax Rate Ceiling Possible after Voluntary Reduction

For those school districts that voluntarily reduced their tax rate that was set in even numbered calendar years (non-reassessment years), the following odd numbered calendar years (reassessment years) tax rate ceiling will be based on the voluntarily reduced rate instead of the prior year tax rate ceiling (per Section 137.073, RSMo.). The ceiling based on the voluntarily reduced rate will continue unless the political subdivision's governing board formally reverts back to the tax rate ceiling based on the prior year ceiling.

If a voluntary reduction was taken in an **even** numbered year (**non**-reassessment year) the political subdivision can increase the tax rate in the following even numbered year (following reassessment year). To increase the tax rate the political subdivision must conduct a public hearing, and in a public meeting it should adopt an ordinance, resolution, or policy statement justifying its action prior to setting and certifying its tax rate.

Debt Service Fund

In establishing the maximum debt service levy, the calculation takes into account a district's bond payments, allowable reserves, fund balances, and state assessed revenues coming into the fund. If a district does not levy the maximum rate computed for debt service, the difference between the maximum rate computed and the actual rate levied is considered a voluntary rollback (i.e., the district choose to levy less than the maximum allowable). This voluntary rollback is subtracted from the SAO debt service maximum resulting in the Unadjusted Debt Service Fund levy. The Unadjusted and Adjusted Debt Service Fund levies are always the same. No Proposition C rollback may occur in the Debt Service Fund.

State Auditor's Office Approval

The Consumer Price Index (CPI) used in the tax rate computations is to be the most recent 12-month figure available on June 1. The State Tax Commission shall certify the increase in such index on the latest twelve-month basis available on February 1 of each year over the immediately preceding prior twelve-month period.

After the school district has completed the necessary forms for the SAO, the forms are sent to the county clerks to be forwarded to the SAO for review. Once the forms have been approved, the SAO sends a written letter to the respective county clerks for the school district and the county clerks, in turn, forward a copy of the letter to the school district. The approved tax rate ceiling (operations) is used by the school district as its beginning point for setting its levy and calculating its Proposition C (sales tax) rollback (if any).

Voluntary Rollback

The amount of tax rate ceiling for operating funds (General (Incidental), Special Revenue (Teachers), and Capital Projects Funds) that the district does not intend to levy for the current year is called a voluntary rollback. A school district should determine its Proposition C rollback (if any) and then decide if any voluntary rollback is desired. Voluntary rollbacks are subtracted from the tax rate ceiling first and then the Proposition C rollback is subtracted resulting in the Unadjusted Operating Funds Levy when completing the final levy forms: Estimate of Required Local Taxes and District Tax Data on Screen 6 of the August Core Data Collection Cycle.

Proposition C Rollback (School District Trust Fund)

The purpose for this procedure is to establish the adjusted property tax rate for school purposes to compensate for the sales tax revenue generated by Proposition C (Section 164.013, RSMo). This calculation should be performed by school district officials using the District Tax Reduction Worksheet (see Section N, [Appendix](#) for a sample District Tax Reduction Worksheet). The Proposition C rollback is the difference between the unadjusted and adjusted operating rates for school purposes (General (Incidental) and Special Revenue (Teachers) Funds) in the current year. School districts may obtain voter approval to waive all or a portion of the required Proposition C rollback. Districts with a full waiver are not required to complete the District Tax Reduction Worksheet. The unadjusted and adjusted levies for a district with a full waiver will be the same figure (the actual rate being levied).

Any school district seeking an increase in its tax rate ceiling or any tax levy increase through the Proposition C waiver for inclusion on the tax books for the current calendar (tax) year must vote the issue before September 1 of that same year.

Estimate of Required Local Taxes

The tax rate by fund approved by the school board to be extended onto the tax books for the calendar year is reported on the Estimate of Required Local Taxes. One form is sent to each county clerk in which a school district has assessed valuation. The form must be filed by each school district, except counties and any political subdivision located at least partially within any county with a charter form of government or any political subdivision located at least partially within any city not within a county (St. Louis City, St. Charles, Jackson, and St. Louis Counties), shall fix its ad valorem property tax rates no later than September 1 for entry into the tax books at the county. Each school district located, at least partially, within a county with a charter form of government or within a city not within a county (St. Louis City, St. Charles, Jackson, and St. Louis Counties), shall fix its ad valorem property tax rates no later than October 1 for entry into the tax books at the county.

In addition to other summary information filed on the form for the county, the unadjusted and adjusted levies by fund are reported on the form. The unadjusted levy is the tax rate ceiling (including any authorized recoupment levy) minus any voluntary rollback plus the debt service levy minus any voluntary rollback. The adjusted levy is the levy after the Proposition C rollback has been made (in the appropriate school purposes funds) plus the debt service levy.

District Tax Data

The **District Tax Data** is collected by the Department on Screen 6 in the August Core Data Collection Cycle. The information is used by the School Finance Section to calculate the school district's Small Schools Grant monies and to check for Proposition C rollback compliance. Screen 6 should reflect the same unadjusted and adjusted levies by fund as filed with the county clerk(s) on the **Estimate of Required Local Taxes**. In the appropriate areas of Screen 6, the tax rate ceiling as approved by the SAO should be entered. Voluntary rollback for operations and the Current State Auditors' Certified Rate for Debt Service are also recorded. In addition, the Proposition C rollback will be calculated on Screen 6 by taking the difference between the unadjusted and adjusted operating rates for school purposes.

Each year instructions in the **Core Data Collection System Manual** should be read carefully before completing Screen 6. As legislative changes from the prior spring may affect data collected, new information regarding collections will be explained in the instructions. The assessed valuation of real and personal property by county on Screen 6 should reflect the assessed valuation used by the school district at the time it calculated its SAO ceiling and Proposition C rollback.

Recoupment of Revenue Loss Due to Assessed Valuation Changes

If a school district was not able to recoup revenue losses by adjusting its tax rate ceiling for operating funds for the following blanket changes, then the school district **may** be entitled to recoup the lost revenue through line 1c of the **District Tax Reduction Worksheet (Prop C Rollback Worksheet)**:

- blanket changes in real/agricultural property (1986)
- blanket changes in personal/farm machinery and livestock property (1988)
- blanket changes in real/commercial property reclassification to real/residential property (1995)

Historical information for calculating each of these recoupments, if any, is found on Screen 6 of the August Core Data Collection Cycle. A school district should review this information carefully to determine if it is entitled to make adjustments to line 1c of the **District Tax Reduction Worksheet (Prop C Rollback Worksheet)**.

Calculating Real Property Loss Recoupment

When calculating the amount of decrease in *real* property assessed valuation due to blanket agricultural changes, the December 31, 1986, *real* property assessed valuation as provided on Screen 6 is used as the benchmark. The difference in 1986 real property and the current year real property, divided by 100, and multiplied by the 1986 tax rate ceiling for operations as approved by the SAO provides the *gross revenue loss*. From this amount, any recouped revenue due to a higher 1987 tax rate ceiling for operating funds is backed out.

The 1987 tax rate ceiling for operating funds *minus* any 1987 voter approved tax levy increase *minus* the 1986 tax rate ceiling for operating funds yields the penny rate that was recouped through the tax rate ceiling. The recouped penny rate multiplied times the current year's *total* assessed valuation, divided by 100, will provide the amount of revenue dollars recouped.

The gross revenue loss *minus* the recouped revenue dollars provides the amount of lost dollars from the 1986 real property blanket change that were not recovered in the 1986 or 1987 tax rate ceiling for operating funds. This amount may be claimed on line 1c of the **District Tax Reduction Worksheet (Prop C Rollback Worksheet)**.

Calculating Farm Machinery and Livestock Personal Property Loss Recoupment

To determine if the school district is entitled to a recoupment through the Prop C rollback calculation for decreases in farm machinery and livestock/personal property assessed valuation due to blanket personal property changes in 1988, a 1989 penny rate adjustment for agricultural farm machinery and livestock personal property assessed valuation is provided in the historical information on Screen 6 of the August Core Data Collection Cycle. The penny rate (if applicable for the district) multiplied times the current year's total assessed valuation, divided by 100, provides the amount of revenue dollars to be recouped on line 1c of the **District Tax Reduction Worksheet (Prop C Rollback Worksheet)**.

Calculating Real Property Loss Recoupment Due to Reclassification of Property

To determine if the school district is entitled to a recoupment through the Prop C rollback calculation for decreases in real property assessed valuation due to reclassification of commercial property to residential property in 1995, a 1995 penny rate adjustment for real property assessed valuation adjustment is provided in the historical information on Screen 6 of the August Core Data Collection Cycle. The penny rate (if applicable for the district) multiplied by the current year's total assessed valuation, divided by 100, provides the amount of revenue dollars to be recouped on line 1c of the **District Tax Reduction Worksheet (Prop C Rollback Worksheet)**.

Tax Levies

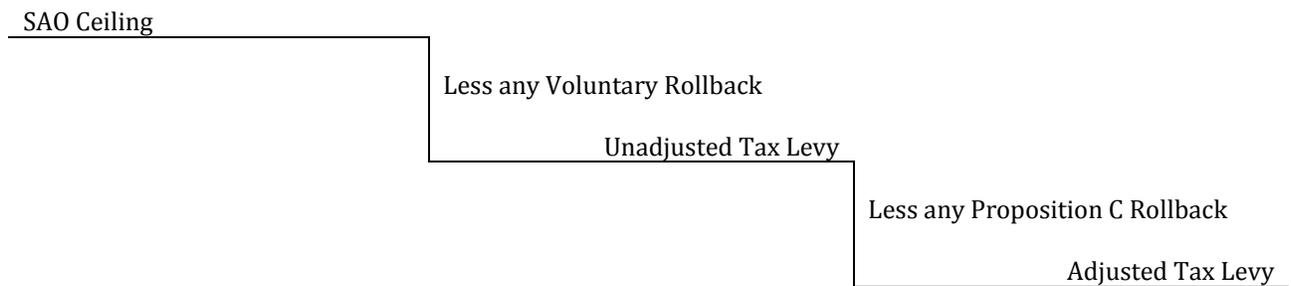
To put tax levies in perspective by order of calculation, the following tax levy terms are listed in order of calculation for the Operating Funds and the Debt Service Fund:

- | <u>Operating Funds</u> | <u>Debt Service Fund</u> |
|--|---|
| 1) State Auditor’s Office Operating Funds Ceiling (GF, SRF, CPF) | 1) Maximum Debt Service Levy Computed |
| 2) Voluntary Rollback in Operating Funds (GF, SRF, CPF) | 2) Voluntary Rollback |
| 3) Unadjusted Levy for Operating Funds (GF, SRF, CPF) | 3) Current State Auditor Certified Rate* |
| 4) Proposition C rollback for (GF, SRF) | 4) Unadjusted Levy for Debt Service Fund* |
| 5) Adjusted Levy for Operating Funds (GF, SRF, CPF) | 5) Adjusted Levy for Debt Service Fund |

* The debt service rate certified and the Unadjusted and Adjusted Debt Service Fund levies are always the same.

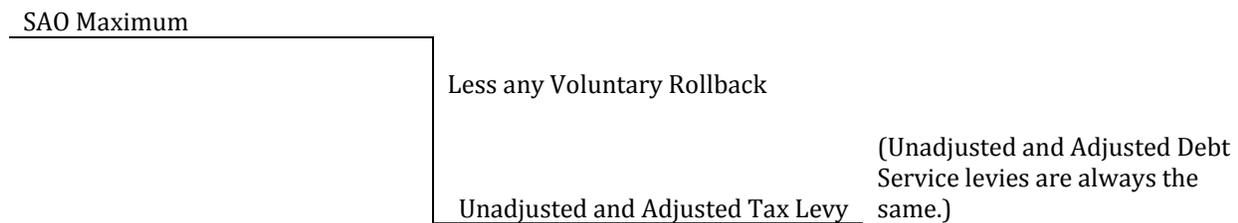
These levies are calculated by the school district and are to be established annually prior to September 1 or October 1 as applicable. In the following spring, the SAO reviews the levies set by districts and may revise the SAO Operating ceilings for that calendar year based on calculated revenues from state assessed railroad and utilities (SARRU) using the actual levies for the calendar year. These revised SAO ceilings for the calendar year *only* impact the setting of the *next calendar year’s ceilings* and should *not* be used by a school district to go back and change all of its records and filings regarding its SAO Operating Ceiling for the current calendar year.

Operating Funds (General (Incidental), Special Revenue (Teachers), and Capital Projects)



District must interrupt rollback at \$2.75 (there is no rollback for Proposition C below \$2.75).

Debt Service Fund



Tax Rate Hearing

The board of education of a school district must hold *at least one public tax rate hearing* as required by Section 67.110, RSMo, on the proposed tax rates before fixing the ad valorem property tax rates for the school. The board of education determines the time and place for such hearing.

The notice shall be published in at least one newspaper qualified under the laws of Missouri of general circulation in the county within which all or the largest portion of the school district is situated, OR such notice shall be posted in at least three public places within the school district at least seven (7) days prior to the date of the hearing. However, in any county of the first class having a charter form of government, such notice may be published in a newspaper of general circulation within the school district even though such newspaper is not qualified under the laws of Missouri for other legal notices.

In addition to stating the hour, date, and place of the hearing the **notice shall include**:

- the assessed valuation by category of real, personal, and other tangible property in the school district for the fiscal year for which the tax is to be levied
- the assessed valuation by category of real, personal, and other tangible property in the school district for the preceding taxable year
- for each rate to be levied the amount of revenue required to be provided from the property tax as set forth in the annual budget adopted
- the tax rates proposed to be set for the various purposes of taxation
- the increase in tax revenue due to an increase in assessed valuation as a result of new construction and improvement in the increase, both in dollar value and percentage, in tax revenue as result of reassessment if the proposed tax rate is adopted.

Prior to the hearing, the budget officer for the district (usually the superintendent) shall present to the board of education of the school district the information for each tax rate to be levied listed above.

Following the hearing, the board of education of the school district shall fix the rates of taxation to be extended onto the tax book.

(Should any school district whose taxes are collected by the county collector of revenue fail to fix its ad valorem property tax rate by September 1/October 1, then no tax rate other than the rate, if any, necessary to pay the interest and principal on any outstanding bonds shall be certified for that year.)