

What's the Difference: Property Tax Rate Levy vs. Property Taxes?

by John W. Elkin, Superintendent

Next month, the Center Point-Urbana CSD School Board of Directors will receive a recommendation to approve the district's proposed FY 24-25 Certified Budget, which is due on April 30th. However, next week on March 27 at 5:00 pm, the district is holding a public hearing as required by law on its proposed property rate levy. Therefore, I believe that now is the appropriate time to provide a concise yet comprehensive response to the following question that has come up:

Why might property owners see an increase in the amount of property tax they pay even if the school district's property tax levy rate decreases?

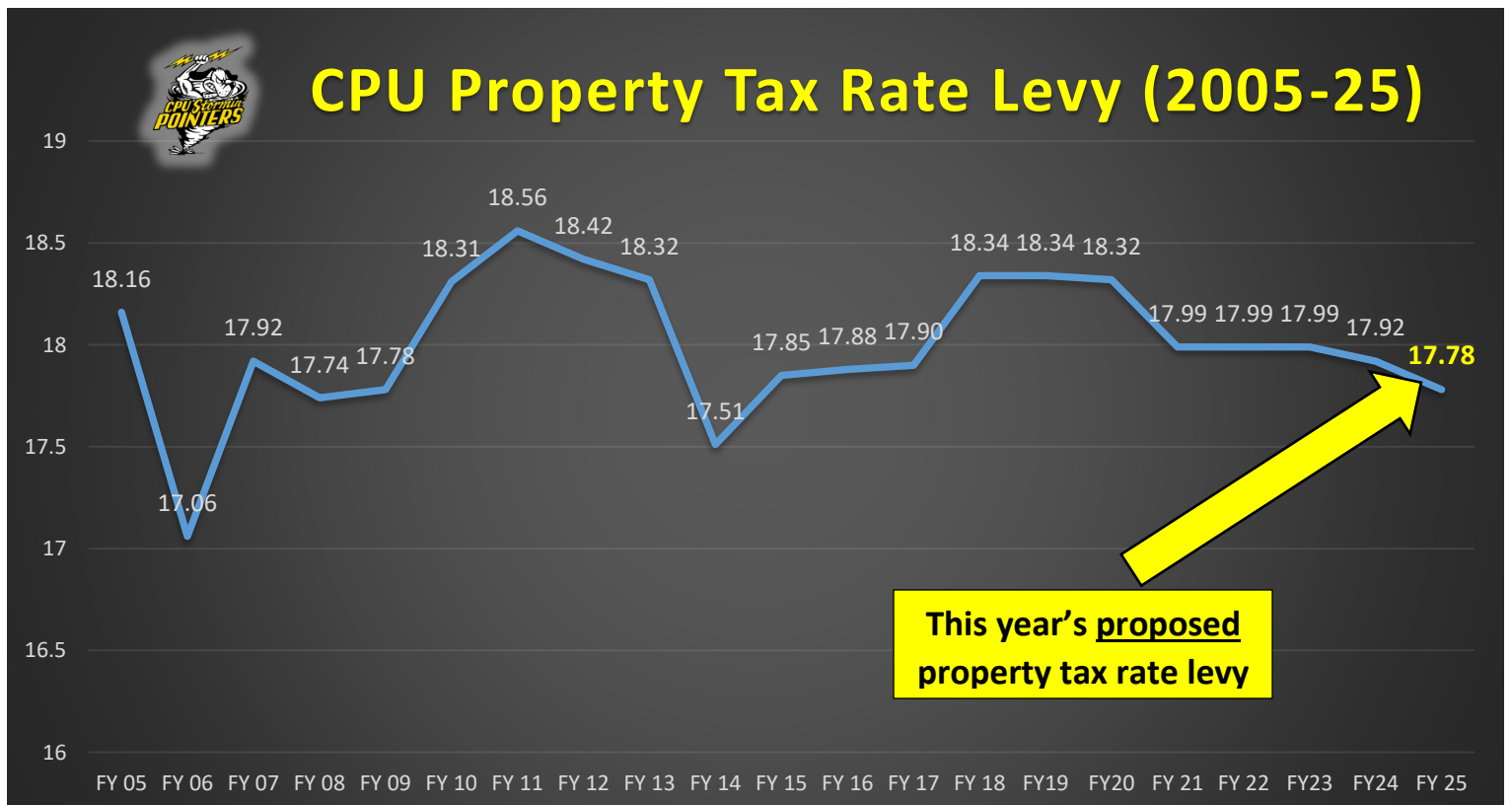
It's crucial to grasp that the **levy rate is multiplied by the taxable valuation of property** to calculate the tax dollars owed. It's also essential to note that **taxable value** differs from **assessed or market value**.

Taxable value is determined by **applying rollback and tax credits** to the assessed value. Rollback, set annually by the Department of Revenue, aims to prevent one property class from growing disproportionately compared to others. Tax credits, such as homestead credits and military credits, further adjust taxable value.

Although the **assessed value in the CPU district increased** by 26.45% from January 1, 2022, to January 1, 2023, tax credits moderated taxable value growth to an average of 8.43%. **While the tax levy rate decreased, it is multiplied by a higher taxable value, resulting in a greater tax levy compared to the previous year.** However, it's crucial to understand that the taxable value does not increase at the same rate as the assessed value; it grew at a much lower rate of 8.43%, not the 26.45% assessed value growth rate.

So, essentially, while Center Point-Urbana CSD's **proposed FY 24-25 tax levy rate will drop .14 cents**, because of the **higher market value assessed by the county, property owners [may] still experience an increase in their property tax bill.**

Please remember **our final property tax rate will also be impacted by any decisions the legislature might make**—those changes are out of the control of the district. Please see the below history of the district's levy rate for property taxes:



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