

Overview of School District Mill Levies

2022

Residential and commercial property taxes fund school districts, local County services as well special districts such as fire protection, recreation and library districts. Each entity assesses a mill rate on property owners to generate revenue and the amount of the mill levy is directly impacted by the overall assessed value of all the property in the district. The Gunnison Watershed School District (GWSD) assesses the following mills:

Total Program Mill: Every year, the State Legislature passes School Finance Act legislation. This is a detailed financial formula that uses enrollment and other factors to generate each school district's funding amount for the year. That amount is then funded by assessing a Total Program Mill on the school district's property owners. This is called the Local Share of the school finance formula. If the Local Share isn't enough to fund the total generated by the school finance act formula, then the State makes up the difference with what is called State Share. If the Local Share goes up in any year due to an increase in property value, the State Share decreases by a like amount. An increase in Local Share doesn't mean the school district receives more funding, it means the State Share decreases by a like amount. The same is true if Local Share decreases. State Share would increase by a like amount. Due to issues with the Gallagher and TABOR Amendments, the State Legislature froze every school district's Total Program Mill in 2007. GWSD's Total Program Mill is frozen at 15.736 mills.

Mill Levy Override Mills: School Districts can go to the voters to pass Mill Levy Overrides and ask voters if it can assess a separate mill rate on property owners to help fund school operations. GWSD has asked for two different Mill Levy Overrides, the first in 2004 and the second in 2014. GWSD's mill levy overrides were structured so that the mill levies are assessed to generate a specific amount of money. The 2004 override authorizes the district to raise \$1.3M in revenue while the 2014 override authorizes \$2.5M in revenue. With the passage of the 2014 mill levy override, an advisory committee was also established to help guide the district in how the 2014 funds will be used and it advises the School Board on what level of revenue it recommends to be raised. The override mills are set at a rate that will not exceed the level of revenue authorized by the voters for each override.

Abatement Mills: The abatement mill levy rate is provided to each district from the Colorado Department of Education. It is a small mill levy that is assessed to correct erroneous property tax levies. The District assess the abatement mill that is provided by CDE and has no authority to change or determine the rate of this mill levy.

Bond Mill Levy: Districts can go to voters to ask if it can issue debt to address large-scale facility needs such as large maintenance requests, new or improved facility needs, safety needs and more. If the voters approve the District's request to issue debt, a mill levy is then assessed to cover the cost of the principal and interest cost of that debt. Currently, GWSD is authorized to assess its bond mill to collect no more than \$5.0M in any one year. The District has refinanced its debt when it has proven valuable and it has a sufficient amount of fund balance in the bond fund to cover its debt payments should economic factors decline. The amount currently needed to cover the district's existing debt service is below the authorized \$5.0M amount, so the mill rate is set at a level that generates only the revenue needed to cover bond principal and interest.