Bonds & Levies:
What they are, what they do, and how they work

When it comes to ballot measures, tax levies and bond issues have a lot in common, but they're not interchangeable. Both tax levies and bond issues ask voters to pay for some public good, but the big difference between them is what that public good is and how it's paid for. Below is the foundation of what voters need to know.

Issue	What it is	What it funds	Who pays	Types
Levy aka Tax levy	A ballot measure that asks voters to raise funds immediately by taxing the value of property. • The levy amount is for a set dollar amount, which is in effect for a specific number of years.	Generally, operating costs for public municipal programs and services like salaries, overhead costs, or ordinary maintenance for: • Public schools • Libraries • Public health services (senior centers, training for citizens with disabilities, etc) • Public transportation • Public safety	Directly: • Property owners Indirectly: property owners pass on costs to • Renters (landlord costs go up) • All taxpayers– which is everyone!	Many types of levies could be on the ballot– these are the most common • Dual-purpose levy • Emergency levy • General levy aka current expense levy aka operating levy (most common) • Permanent Improvement levy aka PI • Renewal levy • Replacement levy
Bond issue with accom-panying levy	A type of ballot issue that asks voters' permission for the government unit to issue bonds that pay for a specific capital purpose • Typically used in long-term projects • Usually issued for a specific length of time, aka a 'fixed term'	Generally, infrastructure costs for public works projects including: • Roads • Public buildings • Public parks • Bridges • Sewer systems • Public school buildings and facilities	Directly • The government unit/bond issuer pays the bond buyer interest and principal for the life of the bond. • Property owners Indirectly • Renters (landlord costs go up) • All taxpayers– which is everyone!	2 types of municipal bonds used in bond issue: • General obligation bond • Revenue bond (not typically used in bond measures)

Terms

Appraised value: The appraised value is the fair market or current market value of the property and is the price at which property should change hands on the open market between two willing parties.
Assessments/Assessed value: The assessed value is generally 35% of the property's appraised value.
Effective tax rate: The adjusted millage rate that is actually levied on a property.
Millage aka mill: The property tax rate, applied to the property's taxable value. It is expressed in mills per dollar of assessed property value.

• 1 mill= $1 of tax per $1,000 of assessed value, or $.001 (35% of your appraised value). For example, a 1.0-mill tax on a house that is appraised at $100,000 is $3

LEAGUE OF WOMEN VOTERS® OF WAYNE COUNTY

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