School Board Meeting: August 27, 2012

Subject: Levy Process and Timelines

Presenter: Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION: None at this time-informational only

DESCRIPTION: The levy process for the 2012 Payable 2013 levy cycle remains largely the same as it was for 2011 Payable 2012. We will be required to adopt the proposed levy by September 30, 2012 and will do so at the September 24, 2012 board meeting. We will also need to notify both county auditors of the date for our Truth in Taxation hearing by September 30, 2012.

As was the case the last several years, the Truth in Taxation meeting will be held as part of a regular board meeting and the final levy will be adopted at the same meeting. Currently, we are scheduled to host our T in T meeting on December 10, 2012 and we will be asking the board to approve the final levy at that same board meeting. Previously, the T in T meeting needed to be held at a separate meeting from the adoption of the levy and a continuation hearing could have also been required.

As you know, there are a vast number of variables in the calculations that can be subject to change. We have a couple of factors that are unique this year that will affect this levy. One, the refunding of the bonds that was done this past winter will reduce the amount of debt service levy that is required. The timing of the refunding was done to offset the new tax impact from the Alternative Facilities project that we will be completing next spring and summer that will be added to this year's levy. Additionally, due to some contract changes that were negotiated this past year, we will now be able to qualify for annual OPEB levy (also known as Pay As You Go) that will bring in additional levy authority to help offset the costs of OPEB. We will again ask you to approve the "maximum" levy in September as has been the past practice. This allows the final levy corrections to be made by the Minnesota Department of Education that may not be done in time to approve the levy on September 24. We hope that those changes will be minimal if any at all.

In place again for this year is the Legislative removal of the $390 state paid Market Value credit. In the past, each homeowner received up to this amount off their taxes dependent on the value of their home. This change in removing the credit was in effect for the first time with taxes payable in 2012. In replacement, the legislature implemented a mechanism that reduces the taxable market value of each property to attempt to offset the loss of the credit. The intent was to be cost neutral to the homeowner in the end. Hopefully, the Truth in Taxation notices will lend themselves to more consistency and comparability this year with the second year of the program.

ATTACHMENT(S): None