

School Board Workshop:

November 12, 2019

Subject:

2019 Payable 2020 Tax Levy

Presenter:

**Gary Kawlewski, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Report only

DESCRIPTION:

The district will host its Truth in Taxation hearing as a part of the December 9, 2019 school board meeting to discuss the 2019-20 budget and the proposed 2019 Payable 2020 levy and approve the final levy.

As a recap, the proposed levy certification amount presented at the September 23, 2019 meeting was a total of \$15,752,820 although we approved the "Maximum". The final total prior to the referendum election is \$15,746,520 or a decrease of \$6,300. The total overall change is a 3.26% increase from last year or an increase of \$496,420. The county auditor is using these totals in calculating their Truth in Taxation notices which will be out at the end of November.

The estimated final levy certification total is \$19,636,353 because of the successful ballot question on November 5, 2019. This new total is a final increase of \$4,386,253 and is a 28.76% increase over the prior year.

Levy Amount Changes

Specifically for this year, the major reductions and additions come in the following areas:

- Long-Term Facilities Maintenance revenue is in its fifth year and there is an increase in total revenue due to an increase in pupil units. It has a greater local share due to our increase in property values.
- The numbers include the approval of our request to reduce our debt service levy by \$300,000 to buy down the fund balance and to reduce the tax impact of the levy.
- Career and Technical levy sees a decrease in revenue due to lower eligible program expenses than the prior year.
- All of the referendum market value based equalized levies will see a higher levy portion due to the district's growth in tax valuation.
- We are seeing a number of prior year adjustments, as is the case every year, due to having final expenditure totals and enrollment totals for prior years.

- The successful passage of the operating levy ballot question on 11/5/19 has the biggest impact on the 2019 pay 2020 levy.

Tax Impact

We are continuing to see growth in both net tax capacity values and in referendum market values across the district, similar to the past few years. These valuation increases when combined with the levy totals have the following affects:

- The increases brings the tax rate up from last year in the Referendum Market Value levies and down in the Net Tax Capacity levies.
- Some of the equalized levies will see a slightly higher levy portion due to the district's growth in tax valuation.

Final referendum market values and net capacity values used for the Truth in Taxation statements show a projected 7.58% increase for referendum market values and a 6.37% increase for net tax capacity values. The numbers used in the September calculations should have been 5.00% and 5.00% respectively for both counties. Instead, the numbers presented used the 2019 final values for referendum market value and net tax capacity in error. As a result, the tax impact numbers shown in September overstated taxes payable in 2020. The table below shows a recap of the tax rates and tax impact on a \$200,000 home including the passage of the ballot question.

Referendum Market Value Tax Rates				
Pay 19 Final Truth in Taxation	September Original	September Corrected	Truth In Taxation	Final Projected
0.12760%	0.13951%	0.13286%	0.12947%	0.24411%
Net Tax Capacity Tax Rates				
Pay 19 Final Truth in Taxation	September Original	September Corrected	Truth In Taxation	Final Projected
30.744%	30.939%	29.466%	29.068%	29.068%
Estimated Tax Impact on a \$200,000 home for 2020				
Pay 19 Final Truth in Taxation	September Original	September Corrected	Truth In Taxation	Final Projected
\$ 811	\$ 838	\$ 798	\$ 784	\$ 1,014
Difference from prior year				\$ 203
Published Tax Impact on a \$200,000 home for 2020				\$ 249
Difference				\$ (46)

In addition, the fiscal disparity distribution amount is higher than in the prior year, which also reduced the tax rates as well. Across the board, the tax burden is lower than the prior year for similarly valued property for the Truth in Taxation statements. However, when factoring in property value increases and the passage of the operating referendum, most properties will experience an increase in school taxes. However, the amounts will be less than the published tax impact for the new operating referendum.

ATTACHMENT(S):

- Levy Analysis 19pay20 Truth in Taxation 11.7.19
- Levy Analysis 19pay20 Final 11.7.19
- Tax Rates and Tax Impact 19 pay 20 final levy projection 11.12.19