

Buffalo-Hanover-Montrose Schools #877
Proposed 2011 Payable 2012 Levy Analysis Executive Summary
As of November 14, 2011

2011 Payable 2012 Levy Total Amount	\$	13,137,570
2010 Payable 2011 Levy Total Amount	\$	13,354,077
Net Change	\$	(216,507)

% Change **-1.62%**

	Final 2011	Proposed 2012	Net Change
RMV Tax Rate	0.13763%	0.13116%	-0.00647%
NTC Tax Rate	31.9518%	35.0957%	3.1439%

*All of the final adjustments have been made in various programs to reflect final expenditures. The levy increased by \$9,691 from the previous presentation due to prior year adjustments to lease levy authority.

*On average, taxes will be up slightly for most property in the school district.

Key Assumptions That Affect The Levy:

1. Adjusted Net Tax Capacity is down by -12.5% from the previous year.
2. Preliminary referendum market value is estimated to be down -3.27% from the previous year.
3. Preliminary net tax capacity value is estimated to be down -4.64% from the previous year.
4. The reduction in the ANTC and the RMV numbers result in a lower share of local levy in the equalized levy categories and these declining values are the leading cause of the reduction in the levy.
5. The decrease in property values for the district cause the tax rate of the district to be higher than the previous year for Net Tax Capacity based taxes.
6. The little discussed Market Value Exclusion change will affect property taxes for various classes of property differently. Residential homestead properties were previously eligible for up to \$304 per year as a tax reduction that was calculated by the county and taken off the final tax statement. The Minnesota legislature removed the state paid credit as a cost containment measure for Pay 2012. In it's wake, homeowners are now eligible for a Market Value Exclusion that reduces the taxable market value of the property on a sliding scale that phases out for property valued at approximately \$413,800. The exclusion applies to residential homestead property and agricultural homestead property for the house, garage, and one acre value. The chart below shows the impact of the change on various property values in the BHM school district.

#877 Buffalo-Hanover-Montrose							
Calculation of Tax Capacity on Residential Homestead Property							
Taxes Payable in 2012							
School Portion Only							
As of 1/2/11	TMV	Exclusion	T in T Net Value	Revised NTC	% Excluded	Original NTC	NTC Difference
\$	150,000	\$ 23,740	\$ 126,260	1,263	15.8%	1,500	-237
\$	200,000	\$ 19,240	\$ 180,760	1,808	9.6%	2,000	-192
\$	250,000	\$ 14,740	\$ 235,260	2,353	5.9%	2,500	-147
\$	300,000	\$ 10,240	\$ 289,760	2,898	3.4%	3,000	-102
\$	350,000	\$ 5,740	\$ 344,260	3,443	1.6%	3,500	-57
\$	400,000	\$ 1,240	\$ 398,760	3,988	0.3%	4,000	-12