

Truth in Taxation Presentation
December 10, 2012
for Taxes Payable in 2013

Truth in Taxation Law

- State law initially approved in 1988
- Amended in 2009
- Requirements
 - Counties must send out “proposed property tax statements” between November 11-24, based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
 - Taxing jurisdictions must present information and receive comments from audience at a regularly scheduled meeting

Tax Hearing Presentation

- State law requires that school districts present information on the current year budget and actual revenue and expenses for the prior year
- State law also requires that we present information on the proposed property tax levy, including:
 - The percentage increase or decrease from the prior year
 - Total 2013 levy will decrease by \$351,280 (-2.67%) from 2012 to 2013
 - Specific purposes and reasons for which taxes are being increased
- District must also allow for public comments

School Levy vs. Budget Cycle

Unlike cities and counties, a school district does not set its budget when setting the tax levy

- **Property Tax Levy**

- Final levy set in December
- Property taxes levied on a calendar year basis

- **Budget**

- Final budget approved in June, 6 months later
- School fiscal year is July 1 through June 30
- Mid-year budget revision to be completed in January


Tax Levy – Budget Relationship

- Tax levy is based on many state-determined formulas
- Some changes in tax levies are revenue neutral, offset by reductions or increases in state aid
- Expenditure budget is limited by state-set revenue formulas, voter-approved levies, available fund balance, and program needs, not just by tax levies



Budget Information

Because approval of the budget lags behind certification of the tax levy by six months, only current year budget information and prior year actual financial results will be presented at this hearing.

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Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenue, as required by law
- For our district, 7 active funds:
 1. General fund (includes former transportation and capital expenditure funds)
 2. Food Service fund
 3. Community Service fund
 4. Building Construction fund
 5. Debt Service fund
 6. OPEB Debt Service fund
 7. OPEB Trust fund

2012-13 Revenues by Fund

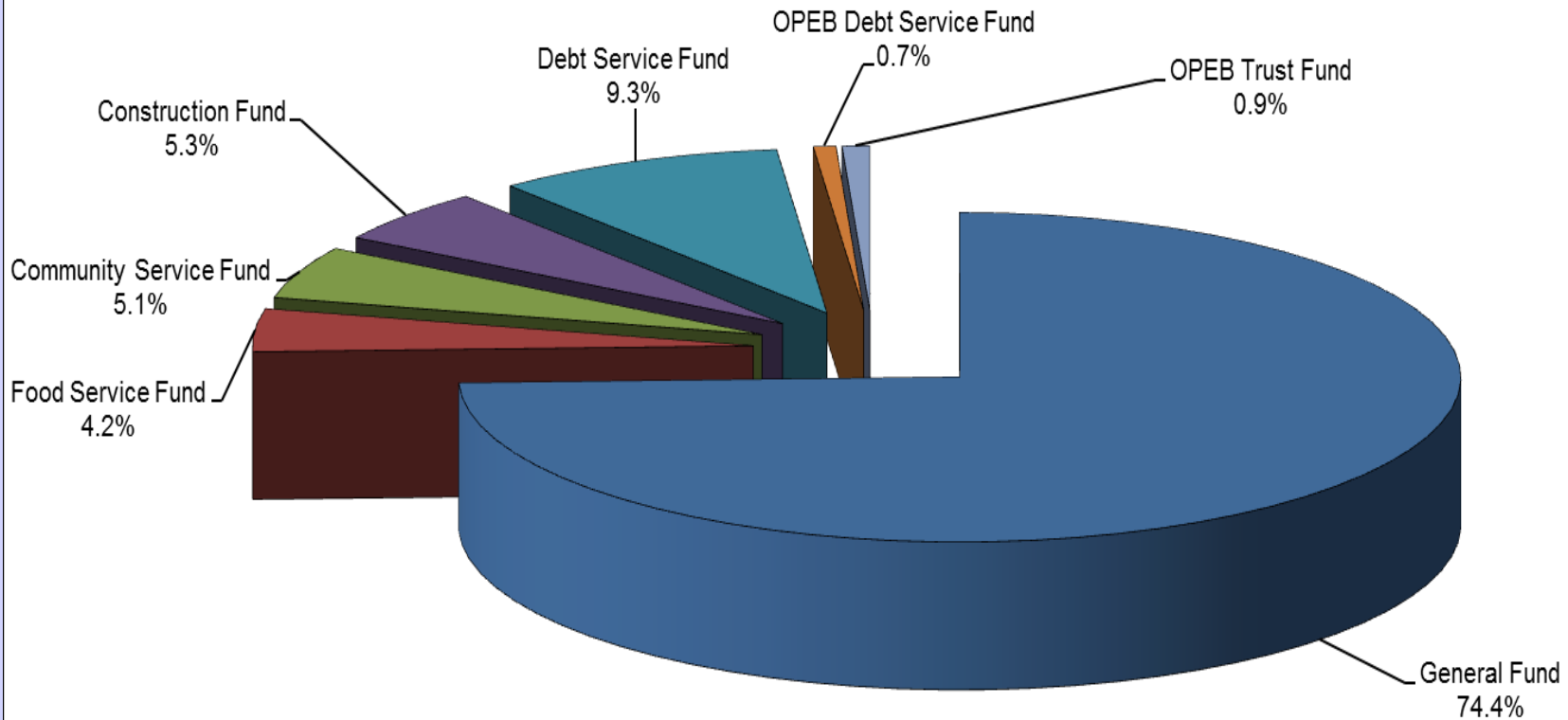
ISD 877 BUFFALO-HANOVER-MONTROSE 2012-2013 BUDGET

ALL FUNDS - REVENUE SUMMARY (Excluding Debt Service Refundings and OPEB Bonds and Transfers)

	2009-2010 Actual	2010-2011 Actual	2011-2012 Revised Budget	2011-2012 Actual	2012-2013 Budget
General Fund	\$52,343,018	\$52,338,973	\$54,467,038	\$54,459,601	\$53,244,864
Food Service Fund	\$3,110,534	\$2,859,337	\$3,029,150	\$2,884,441	\$3,000,400
Community Service Fund	\$3,420,100	\$2,998,587	\$3,155,582	\$3,280,334	\$3,680,040
Construction Fund	\$1,006	\$0	\$0	\$0	\$3,804,000
Debt Service Fund	\$6,655,550	\$6,012,452	\$6,679,340	\$6,698,615	\$6,658,302
OPEB Debt Service Fund	\$0	\$825,740	\$519,688	\$521,213	\$519,188
OPEB Trust Fund	(\$97,097)	\$1,665,626	\$670,000	\$306,759	\$632,202
Total	\$65,433,111	\$66,700,715	\$68,520,798	\$68,150,963	\$71,538,996

2012-13 Revenues by Fund

**2012-2013
Revenues By Fund
(Excluding Debt Service Refundings and OPEB Bonds and Transfers)**



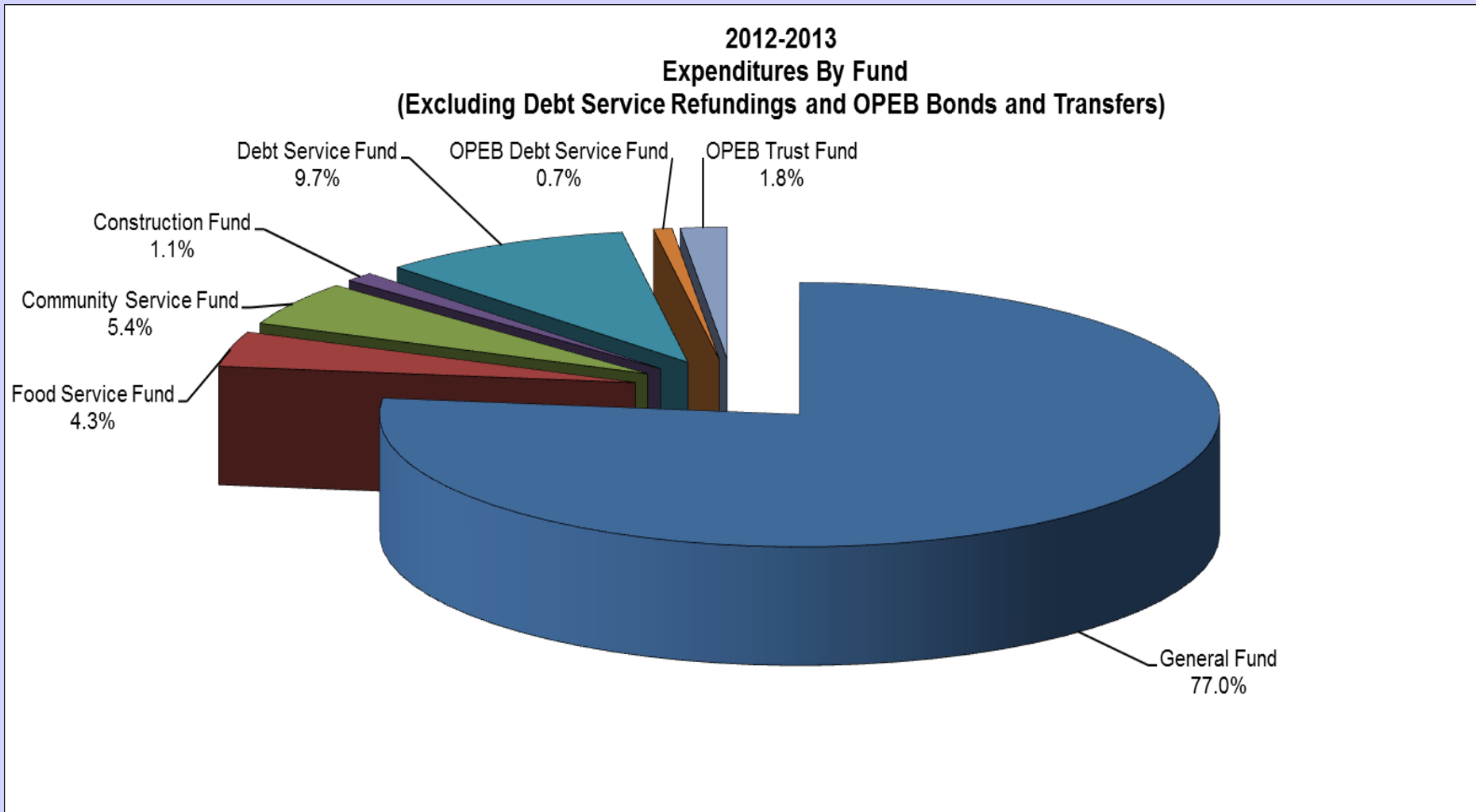
2012-13 Expenditures by Fund

ISD 877 BUFFALO-HANOVER-MONTROSE 2012-2013 BUDGET

ALL FUNDS - EXPENDITURE SUMMARY (Excluding Debt Service Refundings and OPEB Bonds and Transfers)

	2009-2010 Actual	2010-2011 Actual	2011-2012 Revised Budget	2011-2012 Actual	2012-2013 Budget
General Fund	\$50,109,108	\$51,496,168	\$53,495,184	\$52,145,701	\$53,189,995
Food Service Fund	\$2,693,407	\$2,825,861	\$3,015,750	\$2,993,198	\$2,962,320
Community Service Fund	\$2,761,567	\$2,988,032	\$3,144,364	\$3,222,841	\$3,746,819
Construction Fund	\$1,099,103	\$0	\$0	\$0	\$780,000
Debt Service Fund	\$7,111,951	\$6,540,115	\$6,713,265	\$6,711,128	\$6,686,753
OPEB Debt Service Fund	\$0	\$798,774	\$495,488	\$494,438	\$495,488
OPEB Trust Fund	\$0	\$0	\$0	\$0	\$1,240,121
Total	\$63,775,137	\$64,648,950	\$66,864,051	\$65,567,305	\$69,101,496

2012-13 Expenditures by Fund



General Fund Revenue Summary

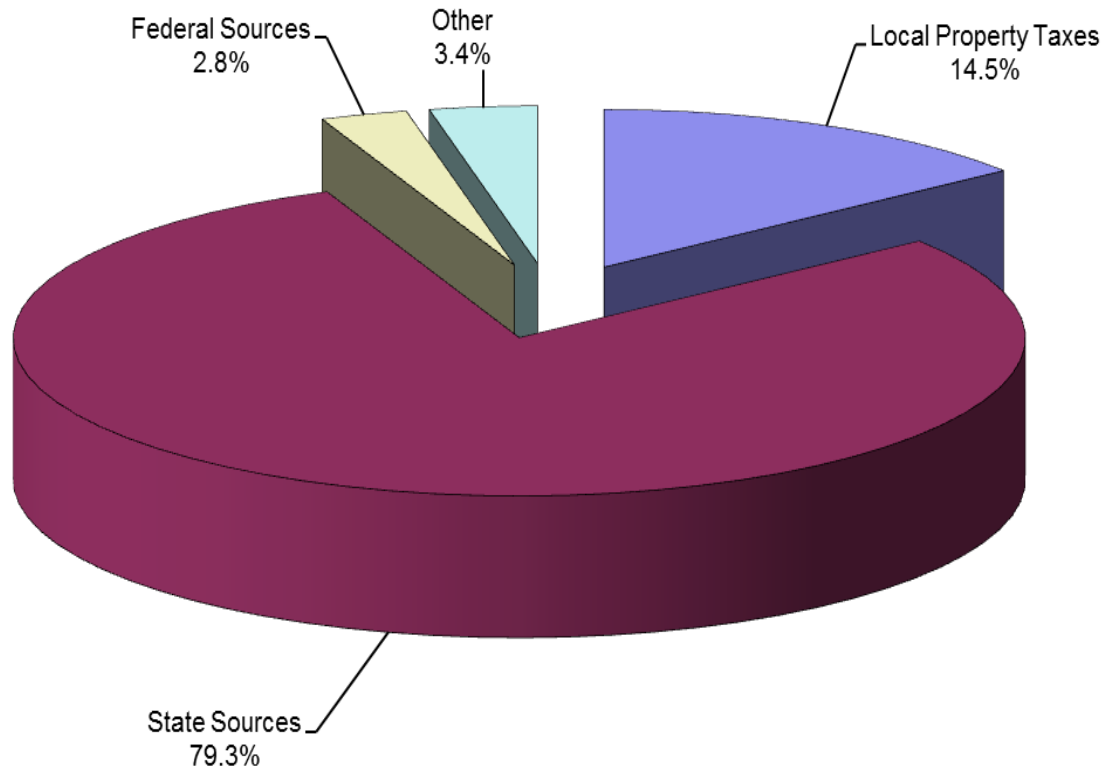
ISD 877 BUFFALO-HANOVER-MONTROSE 2012-2013 BUDGET

GENERAL FUND 01 - REVENUE SUMMARY BY SOURCE (Excluding OPEB Bond Proceeds and Transfers)

	2009-2010 Actual	2010-2011 Actual	2011-2012 Revised Budget	2011-2012 Revised Budget	2012-2013 Budget
Local Property Taxes	\$5,751,245	\$7,567,979	\$7,782,203	\$5,722,356	\$7,727,324
State Sources	\$38,950,416	\$40,626,195	\$41,386,464	\$43,450,185	\$42,211,224
Federal Sources	\$5,711,279	\$2,177,308	\$2,919,276	\$2,831,837	\$1,476,670
Other	\$1,930,078	\$1,967,491	\$2,379,095	\$2,455,223	\$1,829,646
Total	\$52,343,018	\$52,338,973	\$54,467,038	\$54,459,601	\$53,244,864

General Fund Revenue Summary

2012-2013
General Fund Revenue By Source
(Excluding OPEB Bond Proceeds and Transfers)



General Fund Expenditure Summary

ISD 877 BUFFALO-HANOVER-MONTROSE 2012-2013 BUDGET

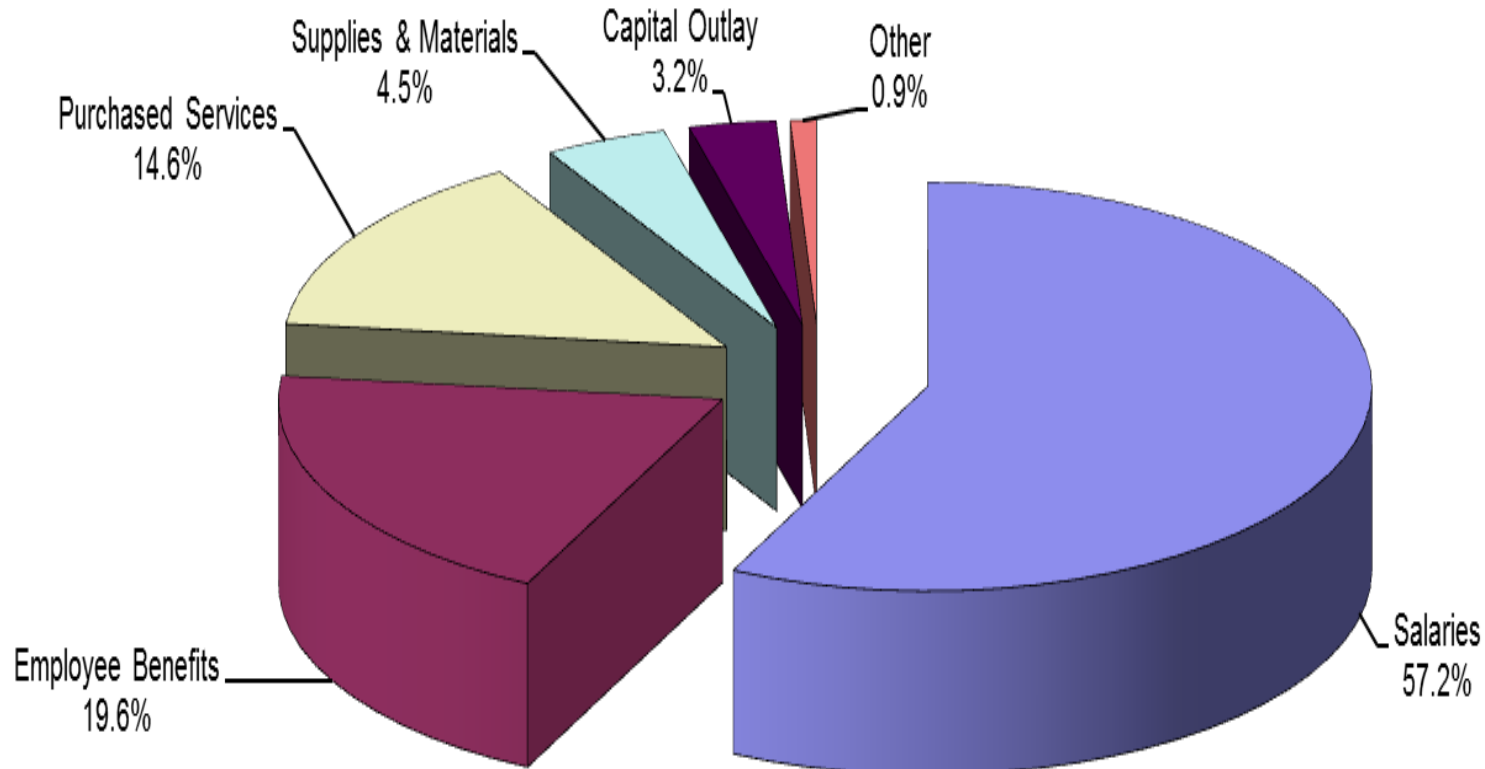
GENERAL FUND 01 - EXPENDITURE SUMMARY (Excluding OPEB Bond Proceeds and Transfers)

	2009-2010 Actual	2010-2011 Actual	2011-2012 Revised Budget	2011-2012 Actual	2012-2013 Budget
Salaries	\$28,408,338	\$29,355,858	\$29,938,511	\$29,718,178	\$30,432,255
Employee Benefits	\$9,486,900	\$9,992,682	\$10,695,687	\$10,393,417	\$10,431,173
Purchased Services	\$7,756,534	\$7,615,889	\$8,038,579	\$7,660,959	7,774,986.00
Supplies & Materials	\$2,168,996	\$2,177,657	\$2,411,606	\$2,268,836	\$2,367,283
Capital Outlay	\$1,882,340	\$2,018,576	\$1,919,057	\$1,684,932	1,681,483.00
Other	\$406,000	\$335,506	\$491,744	\$419,379	502,815.00
Total	\$50,109,108	\$51,496,168	\$53,495,184	\$52,145,701	\$53,189,995

General Fund Expenditure Summary

2012-2013

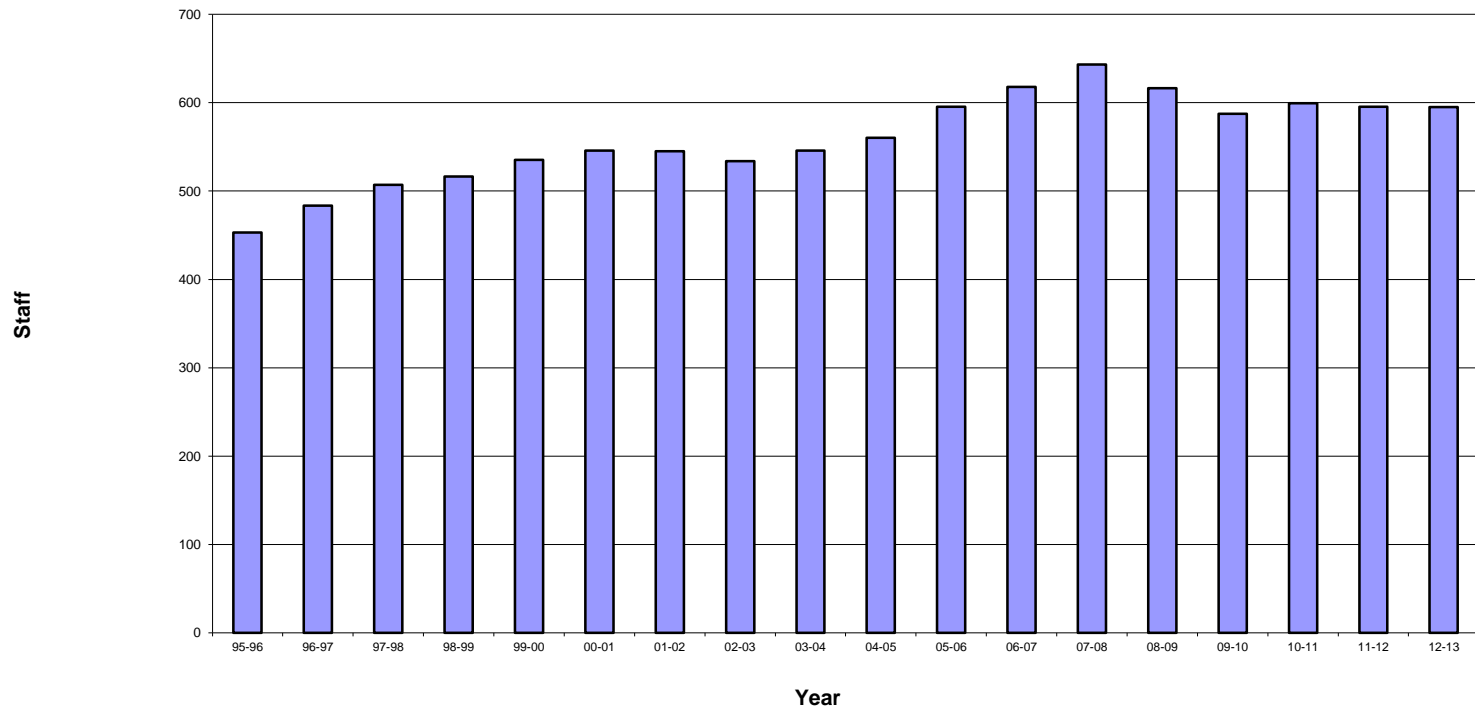
General Fund Expenditures By Object (Excluding OPEB Bond Proceeds and Transfers)



Staff FTE Comparison

June 30, 2012

Staff FTE Comparison
June 30, 2012



Overview of Proposed Levy Payable in 2013

- Law requires that we explain the major changes in the levy
 1. We will review how taxes are determined
 2. We will review the major changes in the levy total and the reasons for those changes
 3. We will look at some specific examples of tax impact
 4. We will review the Minnesota Property Tax Refund programs

School Revenues and Taxes are Highly Regulated by the State

- **State sets** formulas which determine revenue; most revenue is based on specified amounts per pupil (Other local levies)
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by the voters)
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval (Voter approved levies)

Minnesota School District Property Taxes- Key Steps and Participants in the Process

A. Tax Determination and Preparation

Step 1. The **City or County Assessor** determines the estimated market value for each parcel of property in the county.

Step 2. The **Legislature** sets the formulas for tax capacity (e.g. for homestead residential property, tax capacity = 1% of first \$500,000 in value + 1.25% of value over \$500,000.) These formulas determine how much of the tax burden will fall on different types of property.

Step 3. The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step A.1. and tax capacity formulas from step A.2.), as well as the total tax capacity for each school district.

Step 4. The **County Auditor** divides the final levy (determined by the school board in step B.3. by the district's total tax capacity (determined in step A.3.) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity to determine the school tax for that property.*

B. Levy Determination and Certification

Step 1. The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.

Step 2. The **Minnesota Department of Education** calculates detailed levy limits for each school district based on the formulas approved by the Legislature in step B.1. These limits tell districts the exact amounts that can be levied in every category.

Step 3. The **School Board** adopts a proposed levy in September based on the limits set in step B.1. and calculated in step B.2. After a public hearing, the board adopts a final levy in December. The final levy cannot be more than the preliminary levy, except for amounts approved by voters.

*For certain levy categories (referendum, equity, and transition levies), tax rates and levy amounts are based on **referendum market value**, rather than **tax capacity**.

Proposed Levy Timeline in 2013

- Schedule of events in approval of district's 2012 (Payable 2013) tax levy
 - Early September – Minnesota Department of Education prepared and distributed the first draft of levy limit worksheets setting maximum authorized levy
 - September 24 - Board approved the proposed levy
 - Mid-November: County mailed “Proposed Property Tax Statements” to all property owners
 - December 10: Tax information presentation and School board certifies final levy

Overview of Proposed Levy Payable in 2013

- Four main factors affect your taxes-(School portion only for this discussion)
 1. Levy total-**Decreased** \$351,280 or -2.67%-**School District**
 2. Total value of all property within the school district boundaries-(tax base)- Referendum Market Value and Net Tax Capacity **down** for the district- **County Assessor**
 3. Assessed value of your property (estimated and taxable market value)-**County Assessor**
 4. Market Value Exclusion- **State Legislature**
 - Reduces your taxable market value based on a state-determined formula
 - It is the reason why some statements show a difference between Estimated Market Value and Taxable Market Value

➤ School Levy Total

Buffalo-Hanover-Montrose School District #877

December 10, 2012

Comparison of Proposed Tax Levy Payable in 2013 to Actual Levy Payable in 2012 by Fund

	2012 Final Levy	2013 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
Voter Approved Referendum JOBZ Nonexempt	\$ -	\$ -	\$ -	
Voter Approved Referendum JOBZ Exempt	\$ 2,639,709	\$ 2,551,710	\$ (87,999)	
Equity	\$ 589,622	\$ 560,349	\$ (29,274)	
Economic Dev. Abatement Adj.	\$ -	\$ -	\$ -	
Transition	\$ 56,222	\$ 53,511	\$ (2,711)	
RMV Adjustments	\$ 10,228	\$ (9,724)	\$ (19,952)	
Operating Capital	\$ 558,441	\$ 530,712	\$ (27,729)	
Lease Levy	\$ 463,310	\$ 462,399	\$ (910)	
Integration	\$ 184,977	\$ 184,977	\$ 0	
Safe Schools	\$ 201,065	\$ 201,174	\$ 110	
Deferred Maintenance	\$ 242,383	\$ 237,802	\$ (4,581)	
Career Technical	\$ 123,774	\$ 106,146	\$ (17,628)	
Health and Safety (includes Alt. Facilities for Pay 2008)	\$ 226,320	\$ 211,289	\$ (15,030)	
Reemployment Ins	\$ 100,000	\$ 80,000	\$ (20,000)	
OPEB Pay as You Go	\$ -	\$ 300,000	\$ 300,000	
General Fund Adjustments	\$ 11,066	\$ (116,844)	\$ (127,911)	
Total General Fund Levy	\$ 5,407,117	\$ 5,353,502	\$ (53,615)	-0.99%

➤ School Levy Total

Buffalo-Hanover-Montrose School District #877

December 10, 2012

Comparison of Proposed Tax Levy Payable in 2013 to Actual Levy Payable in 2012 by Fund

Community Education				
Basic Community Education	\$ 231,729	\$ 232,420	\$ 692	
Early Childhood Family Education	\$ 113,322	\$ 109,710	\$ (3,612)	
School-Age Care	\$ 170,000	\$ 170,000	\$ -	
Home Visiting	\$ 5,272	\$ 5,010	\$ (262)	
Adults with Disabilities	\$ 10,890	\$ 10,890	\$ -	
CE Adjustments	\$ 29,751	\$ 21,751	\$ (7,999)	
Total Community Education Levy	\$ 560,963	\$ 549,781	\$ (11,182)	-1.99%
Debt Service				
Voter Approved Debt Service-JOBZ Nonexempt	\$ 6,118,117	\$ 5,646,795	\$ (471,322)	
Debt Service-Other JOBZ Nonexempt	\$ 898,249	\$ 1,014,090	\$ 115,841	
Reduction for Excess Fund Balance-JOBZ Nonexempt-Other	\$ (46,956)	\$ (41,336)	\$ 5,620	
Debt Service-OPEB/Pension JOBZ Nonexempt	\$ 518,688	\$ 518,688	\$ -	
Reduction for Debt Service-OPEB/Pension JOBZ Nonexempt	\$ -	\$ (1,031)	\$ (1,031)	
Debt Service-OPEB/Pension JOBZ Nonexempt Adjustments	\$ -	\$ 2,974	\$ 2,974	
Debt Service Fund Adjustments	\$ 1,216	\$ 21,401	\$ 20,186	
Reduction for Excess Fund Balance-JOBZ Nonexempt Voter Approved	\$ (319,824)	\$ (278,575)	\$ 41,250	
Total Debt Service Levy	\$ 7,169,490	\$ 6,883,006	\$ (286,483)	-4.00%
Total Certified Levy	\$ 13,137,570	\$ 12,786,290	\$ (351,280)	-2.67%

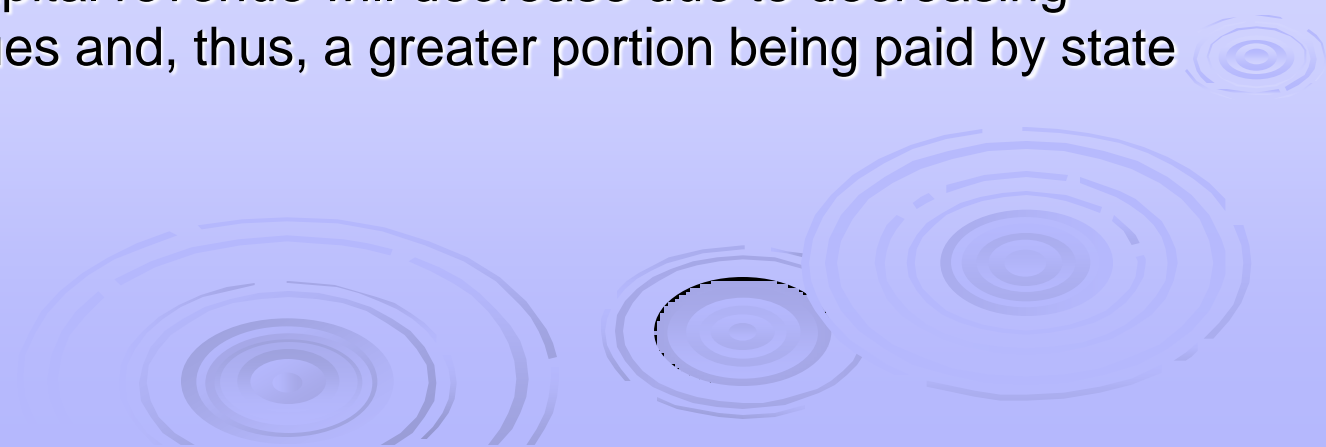
Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: -\$87,999
- Use of funds: general operating expenses
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies for most districts. About 75% of this revenue comes from the local levy for BHM Schools.
 - Overall, referendum revenue will decrease due to decreasing property values and, thus, a greater portion being paid by state aid.

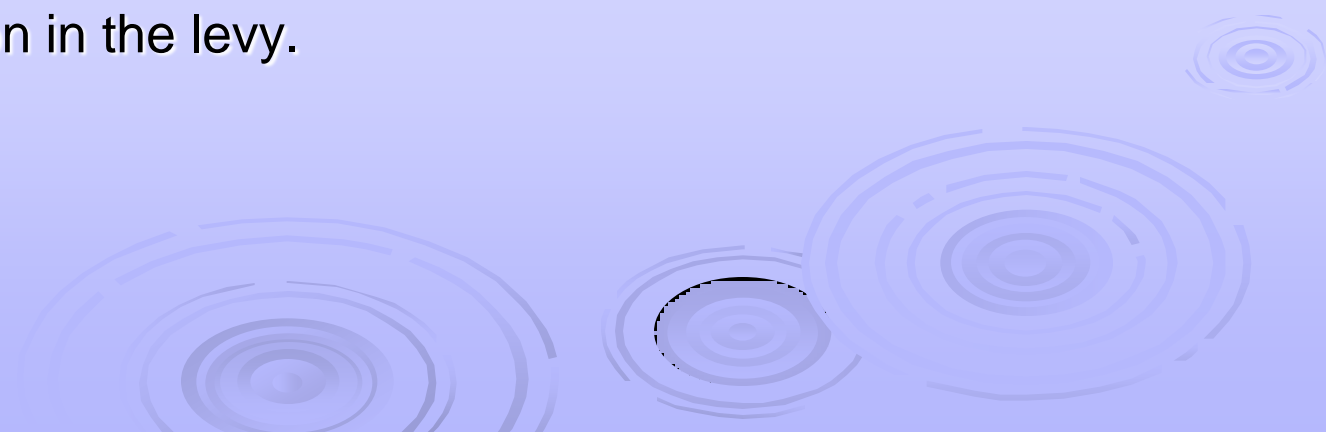
Explanation of Levy Changes

- Category: Equity Revenue
- Change: -\$29,274
- Use of funds: general operating expenses
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies.
 - Equity revenue is based on a number of factors including but not limited to: general education revenue per pupil related to a statewide average, an inverse relationship with referendum allowance per pupil, and any changes in pupil units up or down.
 - Overall, referendum revenue will decrease due to decreasing property values and, thus, a greater portion being paid by state aid.

Explanation of Levy Changes

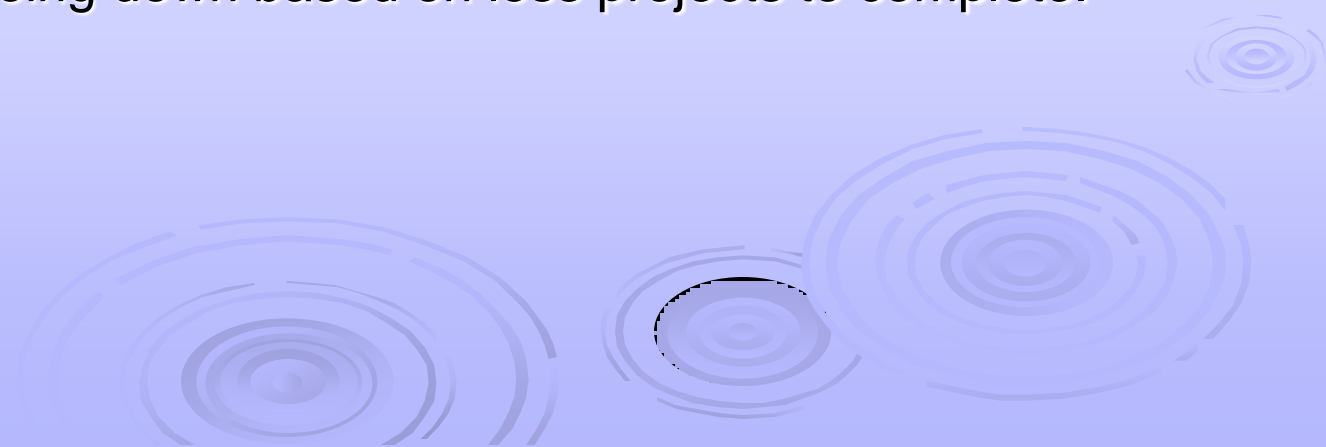
- Category: Operating Capital
 - Change: -\$27,729
 - Use of funds: equipment, building maintenance, and other capital expenses
 - Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies.
 - Operating capital revenue will decrease due to decreasing property values and, thus, a greater portion being paid by state aid.
- 

Explanation of Levy Changes

- Category: Career and Technical
 - Change: -\$17,628
 - Use of funds: Partially covers costs of Career and Technical Education courses
 - Reason for increase:
 - Funding for this program is provided through local tax levies.
 - The legislature has changed the formula for funding this program and the net result is a decrease in revenue for the district as well as a reduction in the levy.
- 

Explanation of Levy Changes

- Category: Health and Safety
- Change: -\$15,030
- Use of funds: State-approved capital projects related to health and safety
- Reason for increase:
 - The amount of this levy is based on the estimated cost of qualifying state-approved projects.
 - The levy is going down based on less projects to complete.



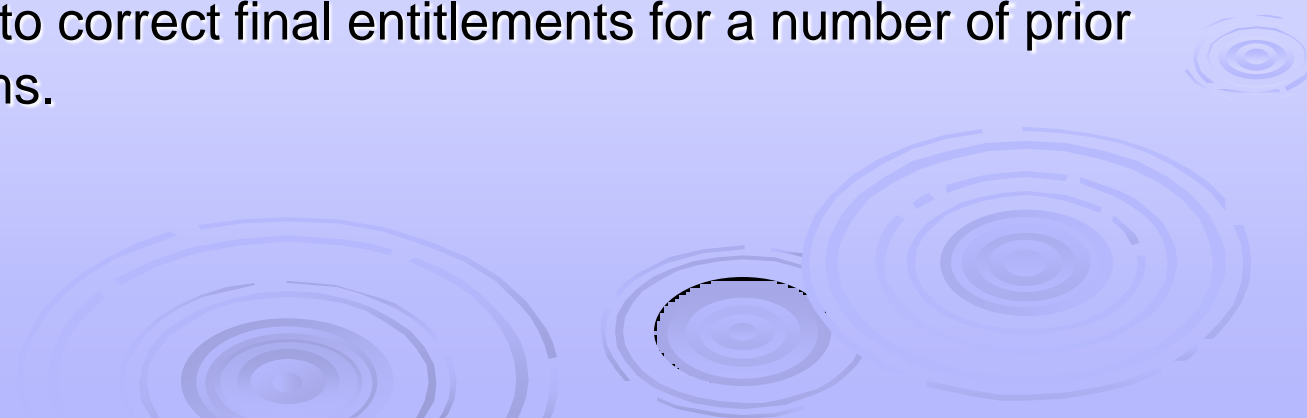
Explanation of Levy Changes

- Category: Reemployment Insurance
- Change: -\$20,000
- Use of funds: Covers the costs of reemployment insurance for former district employees
- Reason for increase:
 - The amount of this levy is based on the estimated cost of reemployment insurance.
 - The levy is going down based on less former employees collecting reemployment insurance benefits.

Explanation of Levy Changes

- Category: OPEB Pay as You Go
- Change: +\$300,000
- Use of funds: To cover costs of retiree insurance benefits for contracts that have sunset language provisions.
- Reason for increase:
 - The District negotiated changes in several contracts that now contain a sunset clause.
 - The District costs for retiree insurance benefits have been lowered in future years for certain employee groups creating future cost savings for the District.
 - This change in contracts allows the district to levy for an amount up to the total costs of qualifying retiree insurance benefits.

Explanation of Levy Changes

- Category: General Fund Adjustments
 - Change: -\$127,911
 - Use of funds: general operating expenses
 - Reason for increase:
 - Annually, the Minnesota Department of Education adjusts final program revenues to actual final expenditures or final allocations for per student-based funding programs.
 - The 2011 payable 2012 levy had a number of negative adjustments to correct final entitlements for a number of prior year programs.
- 

Explanation of Levy Changes

- Category: Voter Approved Debt Service
- Change: -\$471,322
- Use of funds: To pay principal and interest payments on voter approved debt service
- Reason for increase:
 - The District refunded bonds on the high school that will reduce the debt service for each of the next 11 years.
 - The savings vary each of those years but averages about \$450,000 annually.

Explanation of Levy Changes

- Category: Debt Service-Other
- Change: +\$115,841
- Use of funds: To pay principal and interest payments on Alternative Facilities bonds for mechanical and ventilation improvements
- Reason for increase:
 - The District refunded bonds on the Alternative Facilities projects that were completed on all elementary schools except Parkside creating a decrease in this debt service levy category.
 - The District also received a positive review and comment on the proposed Parkside Elementary Alternative Facilities project that will begin in the spring of 2013. The 2013 levy is the first year of that proposed 11-year debt service issue. The bond sale is scheduled for February of 2013.

Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance-Voter Approved
- Change: +\$41,250
- Use of funds: Principal and interest payments on bonds
- Reason for increase:
 - Districts are required annually to levy 105% of their debt service payments to cover the loss of revenue from delinquent tax payments.
 - Districts are limited in the amount of fund balance in the debt service fund based on a state-determined excess fund balance formula.
 - Based on the refunding of bond issues, the district's required excess reduction is decreased resulting in an increase in the levy

Market Value Exclusion Review

➤ Specifics

- Applies to residential homestead property only
- Eliminates the homestead market value credit
- Declines to \$0 at property value of \$413,800
- Reduces the Taxable Market Value of your property on a sliding scale in relationship to \$76,000 of value
 - Excludes 40% of the value up to \$76,000
 - Adds back 9% of the value over \$76,000

➤ Effects on property values

- Artificially reduces your taxable market value
 - The exclusion is the difference between your Estimated Market Value for 2013 and your Taxable Market Value for 2013 as shown on your tax statement
- Artificially reduces the net tax capacity of the school district causing a higher tax rate

➤ Effects on taxes

- Shifts state paid credits onto local levies
- Creates a greater net tax capacity tax rate
- Shifts tax burden among the different property classes
- Pay 2013 is the second year of the program so we now have a better comparison to prior year taxes

Property Value Changes- School District Portion

Buffalo-Hanover-Montrose School District #877

12/10/2012

Estimated Valuations used in Tax Calculations for Final Proposed Pay 2013 Levy

Combined Values for Hennepin and Wright County

Category	Pay 2012 Final	Pay 2013 Final Proposed	Net Change
Referendum Market Value	\$ 2,478,854,150	\$ 2,301,240,415	\$ (177,613,735)
Net % Change in Value			-7.17%
Net Tax Capacity*	\$ 27,627,448	\$ 25,800,213	\$ (1,827,235)
Net % Change in Value			-6.61%

*All values for taxes payable in 2013 are estimates from Hennepin and Wright County

Property Value Changes- Tax Rate Calculations

Buffalo-Hanover-Montrose School District #877

12/10/2012

Analysis of Impact of Proposed 2013 Tax Levy and Rates

Using Final Levy Payable in 2012 as Base Year

Tax Rate Calculations Used for Truth in Taxation Notices	2012 Final Levy	2013 Projected Levy
Net Levy on Referendum Market Value	\$ 3,253,491	\$ 3,121,344
Total Referendum Market Value**	\$ 2,478,854,150	\$ 2,301,240,415
Total RMV Tax Rate (applied to Estimated Market Value)	0.13125%	0.13564%
Net Levy on Net Tax Capacity	\$ 9,715,502	\$ 9,525,158
Net Tax Capacity Value***	\$ 27,627,448	\$ 25,800,213
Total NTC Tax Rate (applied to Taxable Market Value)	35.1661%	36.9189%

Impact on Taxpayers- School Portion Only

Buffalo-Hanover-Montrose School District #877 Analysis of Impact of Proposed 2013 Tax Levy and Rates Using Final Levy Payable in 2012 as Base Year

December 10, 2012

Tax Impact on Various Classes of Property-School Portion Only	2012 Final Levy After Market Value Credit Change****	2013 Final Projected Levy
Residential Homestead Property \$100,000 \$150,000 \$200,000 \$250,000 \$300,000 \$400,000	\$384 \$641 \$898 \$1,155 \$1,413 \$1,927	\$ 401 \$ 670 \$ 939 \$ 1,208 \$ 1,477 \$ 2,015
Commercial/Industrial Property \$75,000 \$100,000 \$150,000 \$250,000	\$494 \$659 \$988 \$1,823	\$ 517 \$ 689 \$ 1,034 \$ 1,908
Agricultural Homestead Property \$400,000.00 Ag Homestead+ \$600,000.00 Ag Homestead+ \$800,000.00 Ag Homestead+ \$1,000,000.00 Ag Homestead+	\$1,250 \$1,601 \$1,953 \$2,305	\$ 1,308 \$ 1,677 \$ 2,046 \$ 2,415

**Referendum market values based on an estimated 7.17% average decrease for Wright and Hennepin Counties for taxes payable in 2013

***Net Tax Capacity values are based on an estimated 6.61% average decrease for Wright and Hennepin Counties for taxes payable in 2013

****Market Value Credit was replaced by the Market Value Exclusion for Taxes Payable in 2012

+A value of \$200,000.00 was assumed for the house, garage, and 1 acre for Ag Homestead Property

Impact on Taxpayers- Individual Property Examples

	Parcel #1-City of Buffalo			Parcel #2-City of Buffalo			Parcel #3-City of Buffalo			Parcel #4-City of Buffalo		
	2012	2013	Net Change	2012	2013	Net Change	2012	2013	Net Change	2012	2013	Net Change
Estimated Market Value	\$ 197,300	\$ 171,800	\$ (25,500)	\$ 123,700	\$ 104,300	\$ (19,400)	\$ 140,200	\$ 123,700	\$ (16,500)	\$ 133,700	\$ 118,300	\$ (15,400)
Taxable Market Value	\$ 177,800	\$ 150,000	\$ (27,800)	\$ 97,600	\$ 76,400	\$ (21,200)	\$ 115,600	\$ 97,600	\$ (18,000)	\$ 108,500	\$ 91,700	\$ (16,800)
Market Value Exclusion	\$ 19,500	\$ 21,800	\$ 2,300	\$ 26,100	\$ 27,900	\$ 1,800	\$ 24,600	\$ 26,100	\$ 1,500	\$ 25,200	\$ 26,600	\$ 1,400
Total All Levies												
RMV Levy	\$ 259	\$ 233	\$ (26)	\$ 162	\$ 141	\$ (21)	\$ 184	\$ 168	\$ (16)	\$ 175	\$ 161	\$ (14)
NTC Levy	\$ 625	\$ 554	\$ (71)	\$ 343	\$ 282	\$ (60)	\$ 407	\$ 360	\$ (46)	\$ 382	\$ 339	\$ (43)
Market Value Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ (0)	\$ -	\$ -	\$ -
Total Tax Amount	\$ 884	\$ 787	\$ (97)	\$ 506	\$ 423	\$ (83)	\$ 591	\$ 528	\$ (63)	\$ 557	\$ 500	\$ (57)

- Tax change will vary based on change in individual property value
- On average, residential homestead tax bills will be down slightly due to declining values and decrease in levy total

State Property Tax Refunds

- State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional, or
 - Visit the Department of Revenue website at www.taxes.state.mn.us

State Property Tax Refunds

- Minnesota Property Tax Refund
 - (aka “Circuit Breaker” Refund)
 - Has existed since 1970s
 - Available to all owners of homestead property
 - Annual income must be approximately \$100,780 or less (income limit is higher if you have dependents)
 - Refund is a sliding scale, based on total property taxes and income
 - Maximum refund is \$2,460
 - Especially helpful to those with lower incomes
 - Fill out state tax form M-1PR

State Property Tax Refunds

- Special Property Tax Refund
 - Available for all homestead properties with a gross tax increase of at least 12% and \$100 over the prior year
 - Refund is 60% of the amount by which the tax increase exceeds the greater of 12% or \$100, up to a maximum of \$1,000
 - No income limits
 - Fill out state tax form M-1PR

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with a household income of \$60,000 or less to defer a portion of the property taxes on their home
- Taxes paid in any year limited to 3% of household income for the year before entering deferral program; this amount does not change in future years
- Additional taxes are deferred, but not forgiven
- State charges interest up to 5% per year on deferred taxes and attaches a lien to the property
- The deferred property taxes plus accrued interest must be paid when the home is sold or the homeowner(s) dies

Next Steps

➤ Tonight

- Board will accept public comments and questions on proposed levy
 - Board certifies final amount of tax levy payable in 2013
- Final levy is certified to county auditor by December 28, 2012

Comments and Questions

