

Truth in Taxation Presentation
December 9, 2013
for Taxes Payable in 2014

Truth in Taxation Law

- State law initially approved in 1988
- Amended in 2009
- Requirements
 - Counties must send out “proposed property tax statements” between November 11-25, 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 2014 levy will decrease by \$513,831 (-4.02%) from 2013 to 2014
 - 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.

The background of the slide features several decorative water ripples in a light blue color, scattered across the bottom half of the page.

Budget Information

- All school district budgets are divided into separate funds, based on purposes of revenue, as required by law
- For our district, 8 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. HRA Trust fund
 8. OPEB Trust fund

2013-14 Revenues by Fund

ISD 877 BUFFALO-HANOVER-MONTROSE

2013-2014 BUDGET

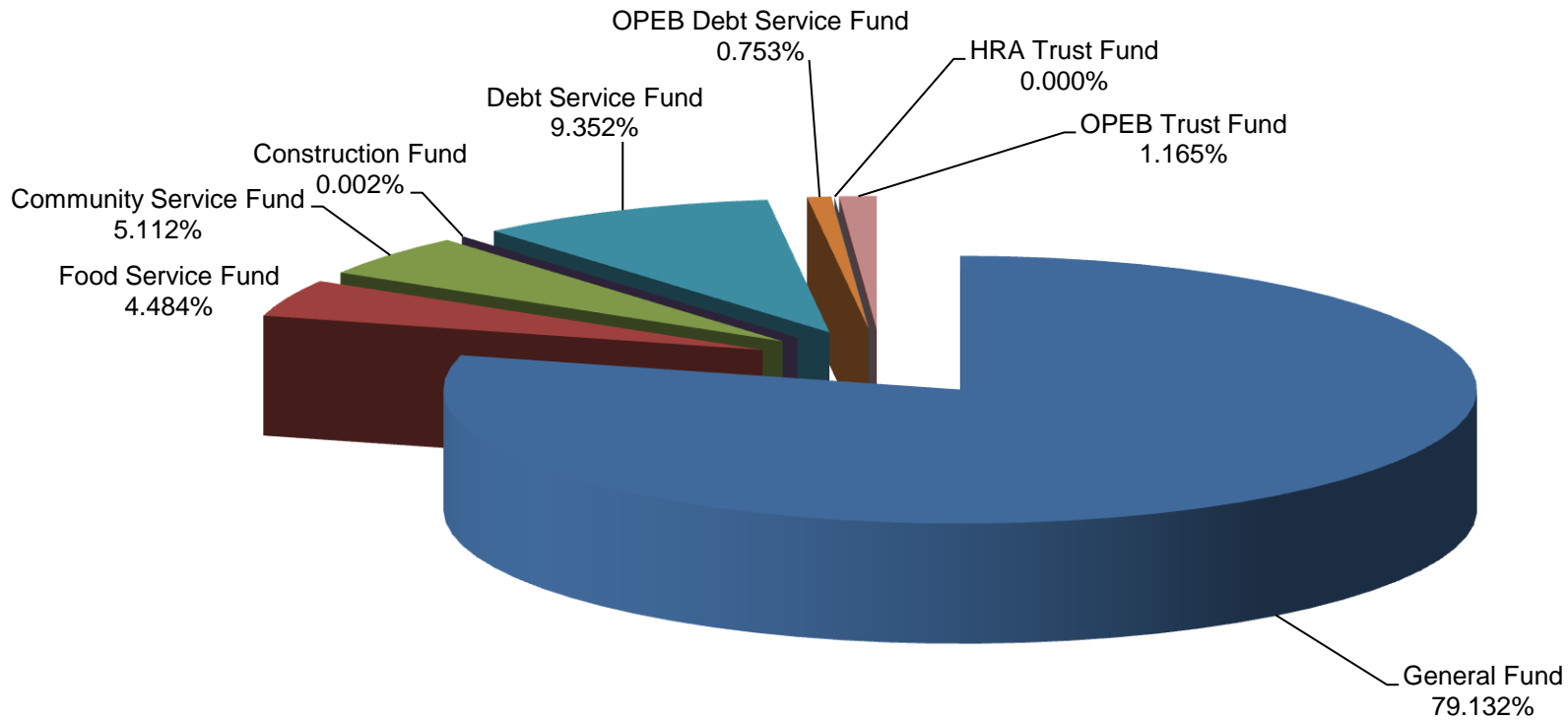
ALL FUNDS - REVENUE SUMMARY

(Excluding Debt Service Refundings, OPEB Bonds, and Transfers)

	2010-2011 Actual	2011-2012 Actual	2012-2013 Revised Budget	2012-2013 Actual	2013-2014 Budget
General Fund	\$52,338,973	\$54,459,601	\$53,399,774	\$53,543,041	\$54,579,806
Food Service Fund	\$2,859,337	\$2,884,441	\$2,825,229	\$2,859,617	\$3,092,650
Community Service Fund	\$2,998,587	\$3,280,334	\$3,474,821	\$3,600,627	\$3,525,912
Construction Fund	\$0	\$0	\$3,957,600	\$3,958,576	\$1,400
Debt Service Fund	\$6,012,452	\$6,697,016	\$6,656,502	\$6,657,376	\$6,450,018
OPEB Debt Service Fund	\$825,740	\$521,213	\$519,543	\$517,906	\$519,543
HRA Trust Fund	\$0	\$0	\$0	\$253,626	\$0
OPEB Trust Fund	\$1,665,626	\$306,759	\$1,232,202	\$1,462,638	\$803,615
Total	\$66,700,715	\$68,149,363	\$72,065,671	\$72,853,407	\$68,972,944

2013-14 Revenues by Fund

**2013-2014
Revenues By Fund
(Excluding Debt Service Refundings and OPEB Bonds and Transfers)**



2013-14 Expenditures By Fund

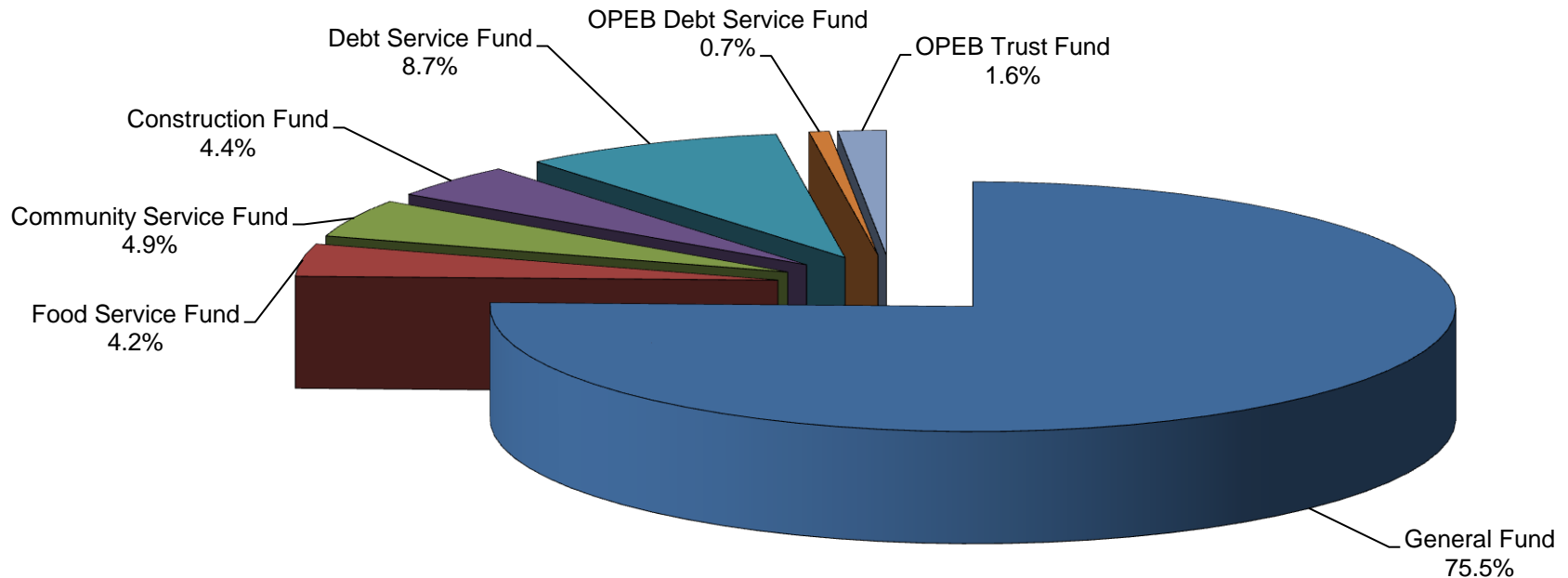
ISD 877 BUFFALO-HANOVER-MONTROSE 2013-2014 BUDGET

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

	2010-2011 Actual	2011-2012 Actual	2012-2013 Revised Budget	2012-2013 Actual	2013-2014 Budget
General Fund	\$51,496,168	\$52,145,701	\$53,449,551	\$52,122,185	\$55,576,917
Food Service Fund	\$2,825,861	\$2,993,198	\$2,792,638	\$2,887,006	\$3,082,605
Community Service Fund	\$2,988,032	\$3,222,841	\$3,629,395	\$3,757,182	\$3,596,007
Construction Fund	\$0	\$0	\$720,088	\$1,599,189	\$3,238,912
Debt Service Fund	\$6,540,115	\$6,937,603	\$6,684,753	\$6,684,465	\$6,438,006
OPEB Debt Service Fund	\$798,774	\$494,438	\$495,488	\$494,438	\$495,488
OPEB Trust Fund	\$0	\$0	\$1,240,121	\$1,092,461	\$1,189,230
Total	\$64,648,950	\$65,793,780	\$69,012,034	\$68,636,925	\$73,617,165

2013-14 Expenditures By Fund

**2013-2014
Expenditures By Fund
(Excluding Debt Service Refundings and OPEB Bonds and Transfers)**



Budget Information

➤ **General Fund Revenue Changes for 2013-14**

- 1.5% increase on the General Education Revenue formula allowance
- 1.5 % increase in state Special Education Aid
- Enrollment projection of 5,759 (ECSE-12)-increase from prior year projection
- Integration Revenue decreased to 86% of prior year revenue

2013-14 General Fund Revenue Summary

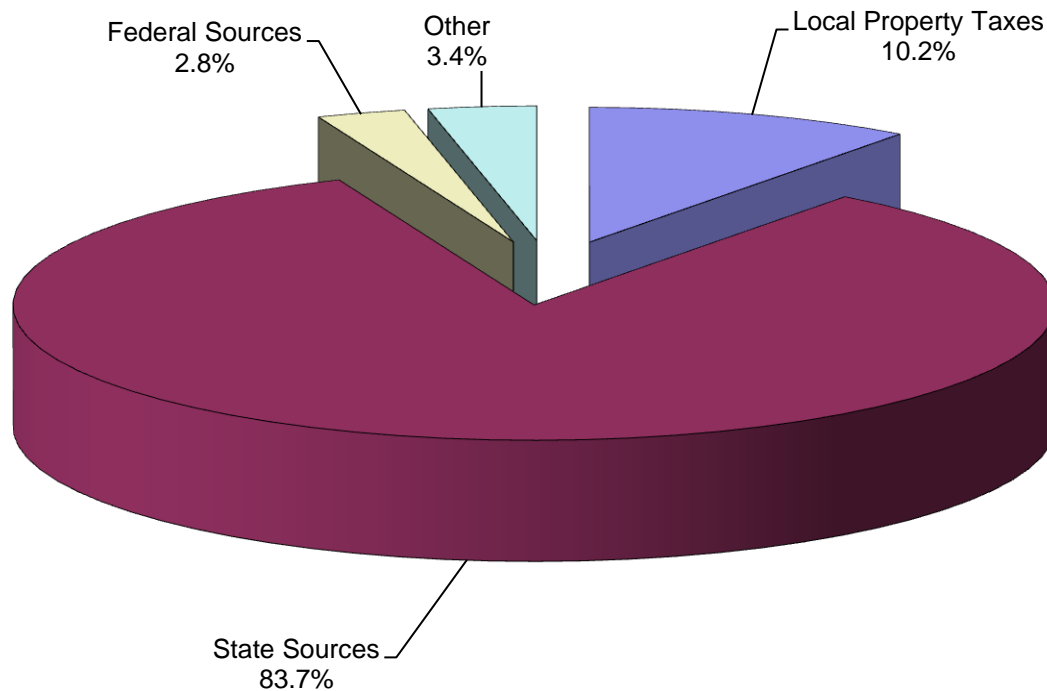
ISD 877 BUFFALO-HANOVER-MONTROSE 2013-2014 BUDGET

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

	2010-2011	2011-12	2012-2013	2012-13	2013-2014
	Actual	Actual	Revised Budget	Actual	Budget
Local Property Taxes	\$7,567,979	\$5,722,356	\$5,577,144	\$5,997,896	\$5,557,339
State Sources	\$40,626,195	\$43,450,185	\$44,420,222	\$44,035,578	\$45,687,504
Federal Sources	\$2,177,308	\$2,831,837	\$1,504,921	\$1,614,558	\$1,504,921
Other	\$1,967,491	\$2,455,223	\$1,897,487	\$1,895,009	\$1,830,042
Total	\$52,338,973	\$54,459,601	\$53,399,774	\$53,543,041	\$54,579,806

2013-14 General Fund Revenue Summary

**2013-2014
General Fund Revenue By Source
(Excluding OPEB Bond Proceeds and Transfers)**



Budget Information

➤ **General Fund Expenditure Changes for 2013-14**

- Superintendent & Special Ed staffing contingencies
- Contract & benefits based on contracts & expected market conditions
- Other expenditures (supplies & utilities) 0-5% increase
- Continued cost containment initiatives
- Integration program submitted to MDE at 100% of 2012-13 program
- \$350,000 set aside for capital, curriculum, and technology
- \$330,000 set aside for class size reduction

2013-14 General Fund Expenditure Summary

ISD 877 BUFFALO-HANOVER-MONTROSE

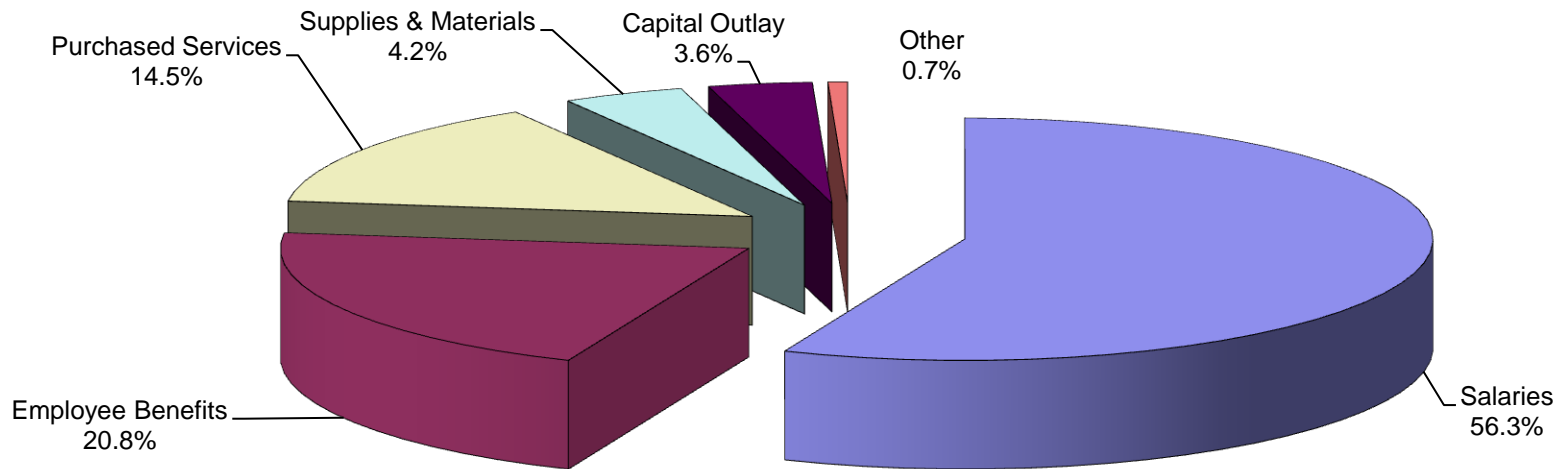
2013-2014 BUDGET

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

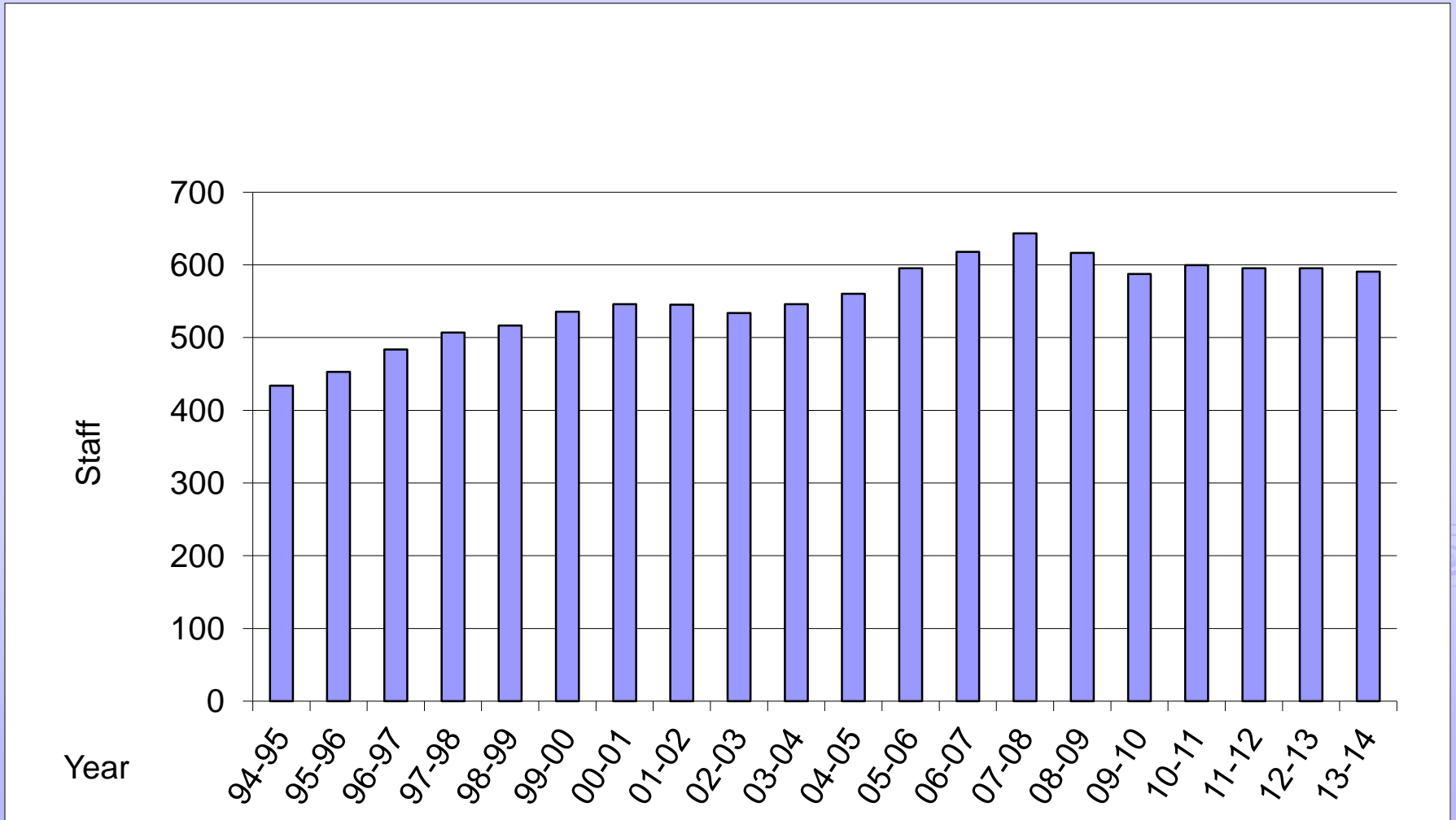
	2010-2011 Actual	2011-12 Actual	2012-2013 Revised Budget	2012-13 Actual	2013-2014 Budget
Salaries	\$29,355,858	\$29,718,036	\$30,155,319	\$29,854,800	\$31,277,522
Employee Benefits	\$9,992,682	\$10,393,408	\$10,615,738	\$10,469,046	\$11,534,852
Purchased Services	\$7,615,889	\$7,660,959	\$7,992,715	\$7,577,695	8,067,732.00
Supplies & Materials	\$2,177,657	\$2,268,987	\$2,298,621	\$2,059,259	\$2,333,626
Capital Outlay	\$2,018,576	\$1,793,889	\$2,017,777	\$1,825,149	1,990,099.00
Other	\$335,506	\$310,422	\$369,381	\$336,237	373,086.00
Total	\$51,496,168	\$52,145,701	\$53,449,551	\$52,122,185	\$55,576,917

2013-14 General Fund Expenditure Summary

**2013-2014
General Fund Expenditures By Object
(Excluding OPEB Bond Proceeds and Transfers)**



Staff Full Time Equivalent Comparison June 30, 2013



Overview of Proposed Levy Payable in 2014

- 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)- Board discretion up to \$300 per pupil for the first time with Pay 2014 Levy

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 2014

- Schedule of events in approval of district's 2013 (Payable 2014) tax levy
 - Early September – Minnesota Department of Education prepared and distributed the first draft of levy limit worksheets setting maximum authorized levy
 - September 23 - Board approved the proposed levy
 - Mid-November: County mailed “Proposed Property Tax Statements” to all property owners
 - December 9: Tax information presentation and School board certifies final levy

Overview of Proposed Levy Payable in 2014

- Four main factors affect your taxes-(School portion only for this discussion)
 1. Levy total-**Decreased** \$513,831 or -4.02%-**School District**
 2. Total value of all property within the school district boundaries-(tax base)- Referendum Market Value and Net Tax Capacity **up** 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 9, 2013

Comparison of Proposed Tax Levy Payable in 2014 to Actual Levy Payable in 2013 by Fund

Using Final Levy Payable in 2013 as Base Year

	2013 Final Levy	2014 Final Proposed Levy	Change from Prior Year	Percent Change
General Fund				
Voter Approved Referendum JOBZ Exempt	\$ 2,551,709.52	\$ 277,276.26	\$ (2,274,433.26)	
Equity	\$ 560,348.50	\$ 568,455.56	\$ 8,107.05	
Board Approved Referendum	\$ -	\$ 475,169.50	\$ 475,169.50	
Location Equity Revenue	\$ -	\$ 1,834,984.09	\$ 1,834,984.09	
Transition	\$ 53,511.39	\$ 49,222.07	\$ (4,289.31)	
RMV Adjustments	\$ (9,723.61)	\$ 1,485.99	\$ 11,209.60	
Operating Capital	\$ 530,712.00	\$ 388,745.33	\$ (141,966.67)	
Lease Levy	\$ 462,399.39	\$ 463,530.99	\$ 1,131.60	
Student Achievement Levy	\$ -	\$ 91,172.48	\$ 91,172.48	
Integration	\$ 184,977.41	\$ 155,231.23	\$ (29,746.18)	
Safe Schools	\$ 201,174.30	\$ 229,312.80	\$ 28,138.50	
Deferred Maintenance	\$ 237,801.93	\$ 234,611.49	\$ (3,190.44)	
Career Technical	\$ 106,146.24	\$ 82,036.87	\$ (24,109.37)	
Health and Safety (includes Alt. Facilities for Pay 2008)	\$ 211,289.45	\$ 94,201.77	\$ (117,087.68)	
Reemployment Ins	\$ 80,000.00	\$ 40,000.00	\$ (40,000.00)	
OPEB Pay as You Go	\$ 300,000.00	\$ 90,000.00	\$ (210,000.00)	
General Fund Adjustments	\$ (116,844.18)	\$ (34,784.53)	\$ 82,059.65	
Total General Fund Levy	\$ 5,353,502.34	\$ 5,040,651.90	\$ (312,850.44)	-5.84%

➤ School Levy Total

Buffalo-Hanover-Montrose School District #877

December 9, 2013

Comparison of Proposed Tax Levy Payable in 2014 to Actual Levy Payable in 2013 by Fund

Using Final Levy Payable in 2013 as Base Year

Community Education				
Basic Community Education	\$ 232,420.45	\$ 232,420.45	\$ -	
Early Childhood Family Education	\$ 109,710.20	\$ 105,958.58	\$ (3,751.63)	
School-Age Care	\$ 170,000.00	\$ 170,000.00	\$ -	
Home Visiting	\$ 5,009.60	\$ 4,958.40	\$ (51.20)	
Adults with Disabilities	\$ 10,890.00	\$ 10,890.00	\$ -	
CE Adjustments	\$ 21,751.04	\$ (44,672.32)	\$ (66,423.36)	
Total Community Education Levy	\$ 549,781.29	\$ 479,555.11	\$ (70,226.19)	-12.77%
Debt Service				
Voter Approved Debt Service-JOBZ Nonexempt	\$ 5,646,795.00	\$ 5,635,560.00	\$ (11,235.00)	
Debt Service-Other JOBZ Nonexempt	\$ 1,014,090.00	\$ 992,749.00	\$ (21,341.00)	
Reduction for Excess Fund Balance-JOBZ Nonexempt-Other	\$ (41,336.30)	\$ (56,131.79)	\$ (14,795.49)	
Debt Service-OPEB/Pension JOBZ Nonexempt	\$ 518,688.00	\$ 518,688.00	\$ -	
Reduction for Debt Service-OPEB/Pension JOBZ Nonexempt	\$ (1,031.39)	\$ (26,775.35)	\$ (25,743.96)	
Debt Service-OPEB/Pension JOBZ Nonexempt Adjustments	\$ 2,973.88	\$ 343.22	\$ (2,630.66)	
Debt Service Fund Adjustments-Voter Approved	\$ 21,401.37	\$ 6,463.18	\$ (14,938.19)	
Reduction for Excess Fund Balance-JOBZ Nonexempt Voter Approved	\$ (278,574.54)	\$ (318,644.51)	\$ (40,069.97)	
Total Debt Service Levy	\$ 6,883,006.02	\$ 6,752,251.76	\$ (130,754.26)	-1.90%
Total Certified Levy	\$ 12,786,289.66	\$ 12,272,458.77	\$ (513,830.89)	-4.02%

Explanation of Levy Changes

- Category: Voter Approved Referendum
- Change: -\$2,274,433
- 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 39% of this revenue comes from the local levy for BHM Schools.
 - The legislature changed the equalization factor for this program causing most districts to see a lower local share and a higher state share. The law change also rolled a portion of the referendum authority into a new category called Location Equity Revenue.

Explanation of Levy Changes

- Category: Board Approved Referendum
- Change: +\$475,170
- Use of funds: general operating expenses
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies for most districts. About 39% of this revenue comes from the local levy for BHM Schools.
 - The legislature now allows local board discretion to add operating referendum by board approval up to \$300 per pupil. The law also changed the equalization factor for this program causing most districts to see a lower local share and a higher state share. BHM schools were able to add \$189.45 per pupil for this category.

Explanation of Levy Changes

- Category: Location Equity Revenue
- Change: +\$1,834,984
- Use of funds: general operating expenses
- Reason for increase:
 - Funding for this program is provided through a combination of state aid and local tax levies for most districts. About 68% of this revenue comes from the local levy for BHM Schools.
 - The legislature created this revenue category in an attempt to equalize operating referendum by location. The change rolls the first \$424 per pupil of operating referendum authority for metro districts (includes BHM schools) and \$212 for outstate districts into this new revenue category.
 - The net effect on our levy from operating referendum, board approved referendum, and location equity revenue is a net increase of \$35,720 for the levy but adds about \$1.1 million in total revenue for the general fund.

Explanation of Levy Changes

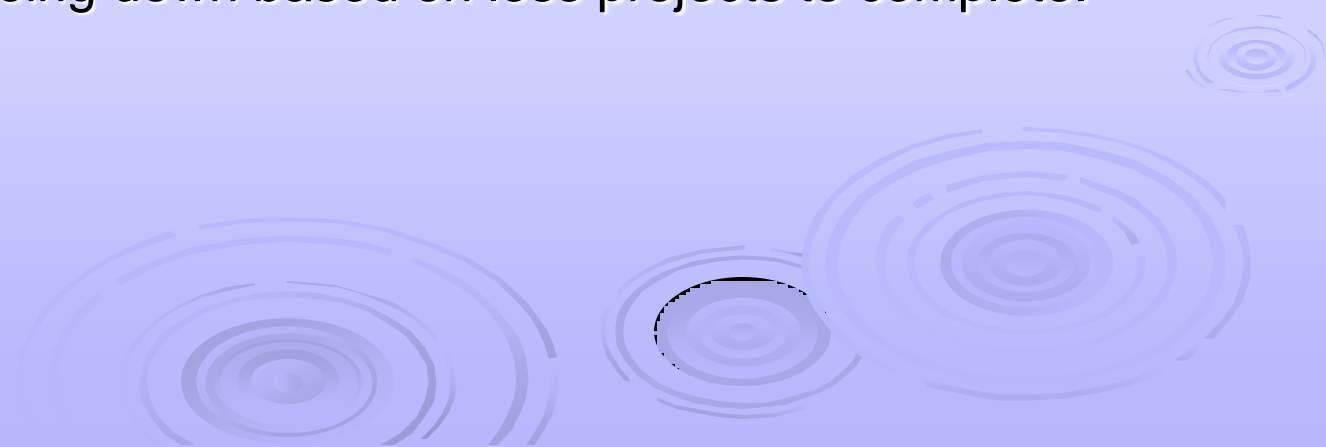
- Category: Operating Capital
- Change: -\$141,967
- Use of funds: equipment, building maintenance, and other capital expenses
- Reason for decrease:
 - Funding for this program is provided through a combination of state aid and local tax levies.
 - The legislature increased the equalizing factor for this program thus causing the state share to increase thus decreasing the local levy share.

Explanation of Levy Changes

- Category: Student Achievement
- Change: +\$91,172
- Use of funds: general operating expenses
- Reason for increase:
 - Funding for this program is provided through local tax levies.
 - The legislature created this new levy category in an attempt to create a local levy component to the general education revenue formula.
 - The levy is based on a statewide tax rate that is applied to the net tax capacity value of each school district. This program is revenue neutral to the district as it reduces general education aid in a corresponding amount.

Explanation of Levy Changes

- Category: Health and Safety
- Change: -\$117,088
- Use of funds: State-approved capital projects related to health and safety
- Reason for decrease:
 - 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.



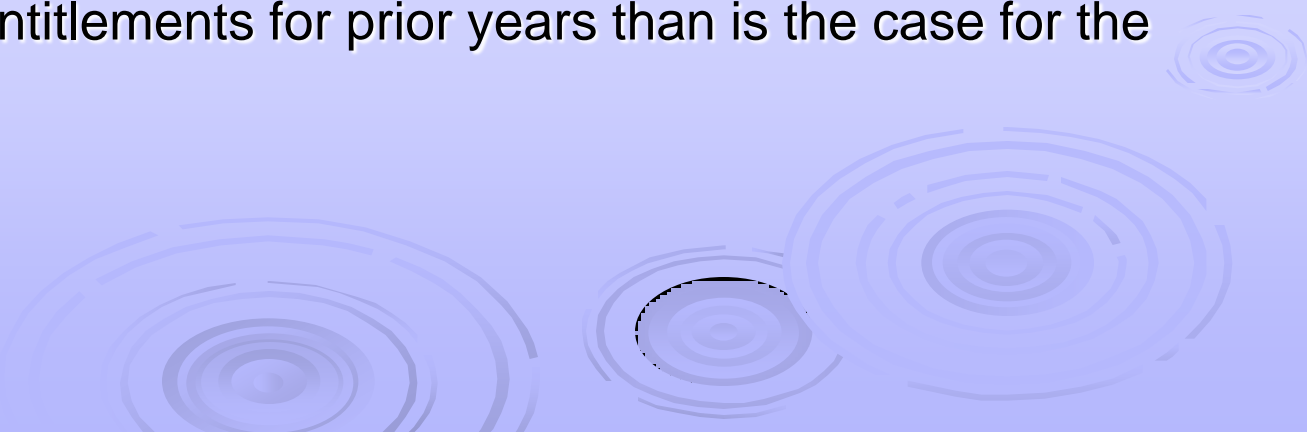
Explanation of Levy Changes

- Category: Reemployment Insurance
- Change: -\$40,000
- Use of funds: Covers the costs of reemployment insurance for former district employees
- Reason for decrease:
 - 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.

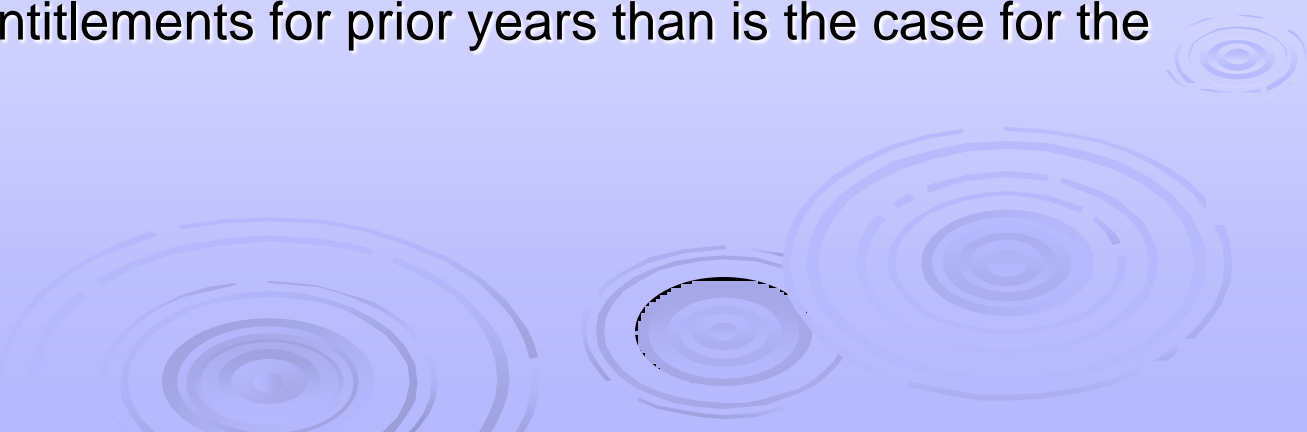
Explanation of Levy Changes

- Category: OPEB Pay as You Go
- Change: -\$210,000
- Use of funds: To cover costs of retiree insurance benefits for contracts that have sunset language provisions.
- Reason for decrease:
 - 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.
 - The original estimate approved by MDE for the costs of retiree insurance benefits was changed after approval of the prior year levy and is now reduced on this year's levy.

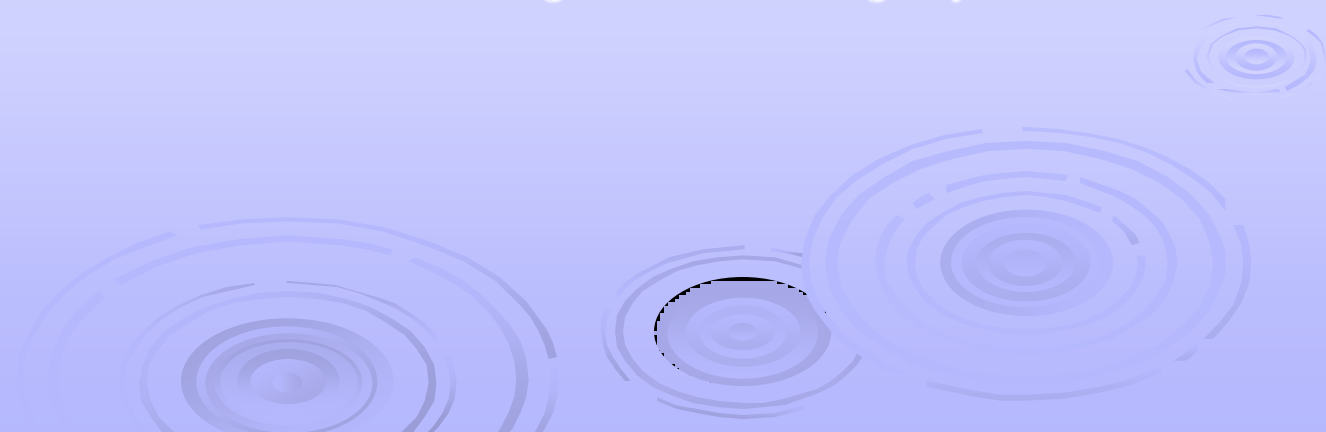
Explanation of Levy Changes

- Category: General Fund Adjustments
 - Change: +\$82,060
 - 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 2012 payable 2013 levy had more negative adjustments to correct final entitlements for prior years than is the case for the current levy.
- 

Explanation of Levy Changes

- Category: Community Education Fund Adjustments
 - Change: -\$66,423
 - Use of funds: general operating expenses
 - Reason for decrease:
 - Annually, the Minnesota Department of Education adjusts final program revenues to actual final expenditures or final allocations for per student-based funding programs.
 - The 2012 payable 2013 levy had less negative adjustments to correct final entitlements for prior years than is the case for the current levy.
- 

Explanation of Levy Changes

- Category: Voter Approved Debt Service and Other
 - Change: -\$32,576
 - 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 programmed debt service total goes down slightly for this levy year.
- 

Explanation of Levy Changes

- Category: Reduction for Excess Fund Balance-Voter Approved
- Change: -\$80,609
- Use of funds: Principal and interest payments on bonds
- Reason for decrease:
 - 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 in prior years, the district's required excess reduction is increased resulting in a decrease 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 2014 and your Taxable Market Value for 2014 as shown on your tax statement
- Artificially reduces the net tax capacity of the school district causing a higher tax rate

➤ Effects on taxes

- Shifted state paid credits onto local levies
- Created a greater net tax capacity tax rate
- Shifted tax burden among the different property classes
- Pay 2014 is the third 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			12/9/2013
Estimated Valuations used in Tax Calculations for Final Proposed Pay 2013 Levy			
Combined Values for Hennepin and Wright County			
Category	Pay 2013 Final	Pay 2014 Final Proposed	Net Change
Referendum Market Value*	\$ 2,301,240,415	\$ 2,317,864,765	\$ 16,624,350
Net % Change in Value			0.72%
Net Tax Capacity*	\$ 25,800,213	\$ 26,370,985	\$ 570,772
Net % Change in Value			2.21%
*All values for taxes payable in 2014 are estimates from Hennepin and Wright County			

Property Value Changes- Tax Rate Calculations

Buffalo-Hanover-Montrose School District #877		12/9/2013
Analysis of Impact of Proposed 2014 Tax Levy and Rates Using Final Levy Payable in 2013 as Base Year		
Tax Rate Calculations Used for Truth in Taxation Notices	2013 Final Levy	2014 Projected Levy
Net Levy on Referendum Market Value	\$ 3,121,344	\$ 3,160,111
Total Referendum Market Value**	\$ 2,301,240,415	\$ 2,317,864,765
Total RMV Tax Rate (applied to Estimated Market Value)	0.13564%	0.13634%
Net Levy on Net Tax Capacity	\$ 9,525,158	\$ 8,934,445
Net Tax Capacity Value***	\$ 25,800,213	\$ 26,370,985
Total NTC Tax Rate (applied to Taxable Market Value)	36.9189%	33.8798%

Explanation of Levy Changes on Truth In Taxation Notice

- **Most Taxpayers are seeing a significant shift between the Voter Approved Levy Category and the Other Local Levies Category on this year's notice.**
- The reduction in the voter approved operating referendum revenue reduces the taxes shown in the Voter Approved Levy category.
- This funding source now comes in the new location equity revenue formula which shows up in the Other Local Levies category of the notice.
- The addition of the Board approved referendum is also reported in the Other Local Levies category.
- As stated previously in this presentation, the net effect on our levy from operating referendum, board approved referendum, and location equity revenue is a net increase of \$35,720 for the levy but adds about \$1.1 million in total revenue for the general fund.

Impact on Taxpayers- School Portion Only

Buffalo-Hanover-Montrose School District #877
Analysis of Impact of Proposed 2014 Tax Levy and Rates
Using Final Levy Payable in 2013 as Base Year

December 9, 2013

Tax Impact on Various Classes of Property-School Portion Only	2013	2014	Difference
	Final Levy	Projected Levy	
Residential Homestead Property			
\$100,000	\$ 401	\$ 379	\$ (21)
\$150,000	\$ 670	\$ 632	\$ (37)
\$200,000	\$ 939	\$ 885	\$ (54)
\$250,000	\$ 1,208	\$ 1,138	\$ (70)
\$300,000	\$ 1,477	\$ 1,391	\$ (86)
\$400,000	\$ 2,015	\$ 1,896	\$ (118)
Commercial/Industrial Property			
\$75,000	\$ 517	\$ 483	\$ (34)
\$100,000	\$ 689	\$ 645	\$ (45)
\$150,000	\$ 1,034	\$ 967	\$ (67)
\$250,000	\$ 1,908	\$ 1,781	\$ (127)
Agricultural Homestead Property			
\$400,000.00 Ag Homestead+	\$ 1,308	\$ 1,224	\$ (84)
\$600,000.00 Ag Homestead+	\$ 1,677	\$ 1,563	\$ (114)
\$800,000.00 Ag Homestead+	\$ 2,046	\$ 1,901	\$ (145)
\$1,000,000.00 Ag Homestead+	\$ 2,415	\$ 2,240	\$ (175)

-Referendum market values are based on an estimated 0.72% average decrease for Wright and Hennepin Counties for taxes payable in 2014

-Net Tax Capacity values are based on an estimated 2.21% average decrease for Wright and Hennepin Counties for taxes payable in 2014

-Market Value Credit was replaced by the Market Value Exclusion for Taxes Payable in 2012 and beyond

+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 #5-Buffalo Township		
	2013	2014	Net Change	2013	2014	Net Change	2013	2014	Net Change
Estimated Market Value	\$ 171,800	\$ 189,800	\$ 18,000	\$ 104,300	\$ 106,500	\$ 2,200	\$ 320,500	\$ 310,800	\$ (9,700)
EMV % Change			10.5%			2.1%			-3.0%
Taxable Market Value	\$ 150,000	\$ 169,600	\$ 19,600	\$ 76,400	78,800	\$ 2,400	\$ 312,100	301,500	\$ (10,600)
TMV % Change			13.1%			3.1%			-3.4%
Market Value Exclusion	\$ 21,800	\$ 20,200	\$ (1,600)	\$ 27,900	\$ 27,700	\$ (200)	\$ 8,400	\$ 9,300	\$ 900
Voter Approved Levy	\$ 498	\$ 360	\$ (139)	\$ 272	\$ 170	\$ (102)	\$ 996	\$ 636	\$ (360)
Other Local Levies	\$ 288	\$ 474	\$ 185	\$ 151	\$ 243	\$ 92	\$ 591	\$ 809	\$ 218
Total Tax Amount	\$ 787	\$ 833	\$ 47	\$ 424	\$ 413	\$ (11)	\$ 1,587	\$ 1,445	\$ (142)

- The tax amount change will vary based on the change in individual property value.
- The district tax rate is down overall so residential homestead property will see a decrease if their value remained the same as the prior year.

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 \$103,730 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 \$2,530
 - 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 2014
- Final levy is certified to county auditor by December 31, 2013

Comments and Questions

