

Buffalo-Hanover-Montrose Schools #877
Proposed 2011 Payable 2012 Levy Analysis Executive Summary
As of September 26, 2011

2011 Payable 2012 Levy Total Amount	\$	13,127,879
2010 Payable 2011 Levy Total Amount	\$	13,354,077
Net Change	\$	(226,198)
 % Change		 -1.69%

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 -3.3% from the previous year.
3. Preliminary net tax capacity value is estimated to be down -4.62% 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. Most of the final adjustments have been made in various programs to reflect final expenditures. However, there could still be a few final adjustments that get made that would have some impact on the final levy numbers.
6. The little discussed Market Value Exclusion change will affect property taxes for various classes of property. 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. 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 \$413,000. 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								
							Proposed NTC Tax Rate	35.0554%
TMV	Exclusion	Net Value	Revised NTC	% Excluded	Original NTC	NTC Difference	Tax Difference	
\$ 200,000	\$ 19,240	\$ 180,760	1,808	9.6%	2,000	-192	\$ (67)	
\$ 238,000	\$ 15,820	\$ 222,180	2,222	6.6%	2,380	-158	\$ (55)	
\$ 250,000	\$ 14,740	\$ 235,260	2,353	5.9%	2,500	-147	\$ (52)	
\$ 300,000	\$ 10,240	\$ 289,760	2,898	3.4%	3,000	-102	\$ (36)	
\$ 350,000	\$ 5,740	\$ 344,260	3,443	1.6%	3,500	-57	\$ (20)	
\$ 400,000	\$ 1,240	\$ 398,760	3,988	0.3%	4,000	-12	\$ (4)	