

**School Board Meeting/Workshop:**

**November 13, 2017**

**Subject:**

2017 Payable 2018 Tax Levy

**Presenter:**

**Gary Kawlewski, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

A report will be presented at the Board meeting

**DESCRIPTION:**

The district will host its Truth in Taxation hearing as a part of the December 11, 2017 school board meeting to discuss the 2017-18 budget and the proposed 2017 Payable 2018 levy and approve the final levy. This format changed several years ago thus eliminating the separate meeting for the hearing.

As a recap, the proposed levy certification amount presented at the September 25, 2017 meeting was a total of \$14,861,477. The total change is a 6.64% increase from last year or an increase of \$925,718. The Truth in Taxation notices will be based on these numbers. There were no changes to the levy total after the meeting on 9/25/17.

**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 third year and increases with this levy. It is currently set for full implementation.
- The numbers include approval to reduce our debt service levy by \$300,000 to buy down the fund balance and to reduce the impact of bringing in these new revenue programs.
- The numbers include the savings from the OPEB bond refunding and the end of the tennis court lease levy.
- The savings from the new School Building Bond Ag Credit will be done at the county level and does not directly impact our levy. Rather, it will affect individual tax statements. Projected savings per acre on Ag homestead property ranges from \$1.43 per acre at \$4,000 per acre up to \$3.22 per acre on a \$9,000 average value per acre.
- All of the referendum market value based equalized levies will see a higher levy portion due to the district's growth in tax valuation and a catch up in final prior year enrollment totals. All categories do see a slight increase in revenue overall due to the higher enrollment projections than the prior year.
- The operating capital levy, the ECFE levy, and the home visit levies have higher equalization levels than last year and show a lower levy amount than last year.

- The remaining equalized levies all see a slight increase in levy amount due to higher valuations and higher enrollment totals.
- The Student Achievement Levy was eliminated by the 2017 state legislature.
- 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.

## **Tax Impact**

We are continuing to see growth in both net tax capacity values and in referendum market values across the district although at a slightly higher rate than in the past few years. These increases have the following affects:

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

Final referendum market values and net capacity values for Wright County being used for the Truth in Taxation statements show a projected 4.52% increase for net tax capacity and a 6.47% increase for referendum market values. Hennepin County is showing an 8.09% increase for NTC and an 8.09% for RMV. The final districtwide totals are a 5.07% increase for NTC and a 6.74% for RMW. The numbers used in the September calculations were 5.00% and 5.00% respectively for both counties. These numbers will change a bit by the time the final tax statements are sent out. Additionally, we are seeing a slightly lower fiscal disparities credit than originally projected. As a result of these changes, the projected tax rates are slightly lower than presented in September and are as follows:

- Referendum Market Value -.12930% - up from .12313% last year (down from .13150% in September)
- Net Tax Capacity Value – 32.4499% - down from 32.8486% last year (down from 32.5360% in September)
- The current tax rate projection on a \$200,000 home is \$845 versus \$840 last year
- When factoring in the average 6.74% increase in property values moving a \$200,000 home to \$213,472, the actual tax increase would be about \$70 per year based on the current projections.

Across the board, the tax burden is slightly higher than the prior year for similar valued residential homestead property. The tax impact looks to be flat or a slight decrease for similar valued commercial/industrial property. However, when factoring in property value increases, most properties will experience an increase in school taxes.

## **ATTACHMENT(S):**

-Levy Summary 17 pay 18 T in T 11.13.17

-Tax Rates and Tax Impact 17 pay 18 T in T 11.13.17