

School Board Meeting:

November 14, 2022

Subject:

2022 Payable 2023 Final Property
Tax Levy Certification

Presenter:

**Ryan L. Tangen, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Report only

DESCRIPTION:

The District will host its Truth in Taxation hearing as a part of the December 12, 2022 school board meeting to discuss the 2022-23 budget and the proposed 2022 Payable 2023 levy and approve the final property tax levy.

As a recap, the proposed property tax levy presented and approved at the September 26, 2022 meeting was a total of \$20,414,925.56 and was certified as the "Maximum". Compared to last year, the preliminary levy is higher by \$718,715.75 or 3.65%. The county auditor is using these totals in calculating their Truth in Taxation notices that will be mailed to property owners at the end of November. The final levy is the same amount as the preliminary levy.

Levy Amount Changes

Specifically, this year the major reductions and additions come in the following areas:

- Levy categories calculated based on student counts for pay 2023 show reductions due to lower enrollment.
- Equalization aid based on property wealth per student decreased due to property values increasing and student counts decreasing.
- The general fund LTFM levy is significantly higher due to the LTFM aid being reclassified to debt service for the final payment on the Alternative Facilities Bonds. This was an \$828,253 decrease in general fund equalization aid from Pay 2022.

Tax Impact

Growth in both net tax capacity values and in referendum market values across the district is expected to be much higher than in past years. Preliminary estimates have net tax capacity increasing by 18.68% and referendum market value increasing by 19.18%. These valuation increases when combined with the levy totals have the following effects:

- The increase in property values results in a lower Referendum Market Value tax

- rate and lower Net Tax Capacity tax rate.
- Equalized levies will see a higher levy portion due to the district's growth in tax valuation and reduction in students.

Final net tax capacity and referendum market values used for the Truth in Taxation statements will be based on the projected 18.68% increase in net tax capacity values and 19.18% increase in referendum market values. September calculations were based on a 5% increase for both net tax capacity and referendum market values.

Overall, the Pay 2023 property tax levy increase will result in a roughly 2.3% decrease in tax burden for the Truth in Taxation statements compared to Pay 2022 for properties with an average value increase.

ATTACHMENT(S):

- Levy Analysis 2022 pay 23 Truth in Taxation 11.14.22
- Tax Impact 2022 pay 23 Truth in Taxation 11.14.22