

**School Board Meeting/Workshop:**

**November 9, 2015**

**Subject:**

2015 Payable 2016 Tax Levy

**Presenter:**

**Gary Kawlewski**

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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 14, 2015 school board meeting to discuss the 2015-16 budget and the proposed 2015 Payable 2016 Levy and approve the final levy. This format changed five years ago, thus eliminating the separate meeting for the hearing.

There was one change from the proposed levy amount discussed at the September 28, 2015 meeting and I discussed the revised number at that meeting as well. As a recap, the proposed levy certification amount presented at that meeting with the change noted was a total of **\$13,862,688**. That total change is a **3.4% increase** from last year or an increase of **\$456,006**. **The Truth in Taxation notices will be based on these numbers.**

**Levy Amount Changes**

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

- The Health and Safety and Deferred Maintenance levies are replaced by the Long-Term Facilities Maintenance revenue after 2015-16.
- The Health and Safety will have two more levy cycles to finalize the 2015-16 actual expenditure data and the ensuing levy adjustments.
- The Deferred Maintenance revenue program has a final clean up levy for fiscal year 2015-16 to zero out the program.
- Long-Term Facilities Maintenance revenue is new this year. It also has a provision that allows us to under levy without an aid penalty. We are exercising this mechanism for this levy cycle and the current proposed reduction is included in the numbers as presented.
- The numbers presented include the Alternative Teacher Compensation (Q Comp) levy for 2016-17.
- The numbers presented include the catch up levy authority for the 2015-16 Alternative Teacher Compensation (Q Comp).
- The numbers include approval to reduce our debt service levy to buy down the fund balance and to reduce the impact of bringing in these new revenue programs.

## **Tax Impact**

We are continuing to see growth in both net tax capacity values and in referendum market values across the district. However, the growth in referendum market value is not as much as originally thought. These increases have the following affects:

- The increases bring the tax rates down for NTC and up slightly in RMV from last year.
- Some of the equalized levies will see a slightly higher levy portion due to the district's growth in tax valuation.
- A number of the levy category amounts are relatively similar to the prior year amounts.

Final referendum market values and net capacity values for Wright County being used for the Truth in Taxation statements show a projected 5.06% increase for net tax capacity and a 5.45% (originally thought to be 12.05%) increase for referendum market values. Hennepin County is showing 5.82% increase and a 5.52% respectively. These numbers will change a bit by the time the final tax statements are sent out. As a result, the projected tax rate changes are as follows:

- Referendum Market Value - .12486% up to .12601%
- Net Tax Capacity Value – 35.3705% down to 34.4667%

The final tax rates are higher than the initial calculations as the preliminary values from the Assessor's office were higher than the final used for the Truth in Taxation statements. We are showing that the tax impact on a \$200,000 home is \$14 less than last year but \$14 higher than our original estimates. Across the board, the tax burden is less than the prior year for similar valued property. However, it is not as much of a decrease as what we originally thought.

The district will host its Truth in Taxation hearing as a part of the December 14, 2015 school board meeting to discuss the 2015-16 budget and the proposed 2015 Payable 2016 Levy and ultimately approve the final levy.

## **ATTACHMENT(S):**

-Levy Summary 15 pay 16 TinT 11.09.15

-Tax Rates and Tax Impact 15 pay 16 TinT 11.09.15