

School Board Meeting/Workshop:

November 14, 2016

Subject:

2016 Payable 2017 Tax Levy

Presenter:

Gary Kawlewski

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 12, 2016 school board meeting to discuss the 2016-17 budget and the proposed 2016 Payable 2017 levy and to 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 26, 2016 meeting was a total of \$13,938,721. That total change is a .55% increase from last year or an increase of \$76,033. The Truth in Taxation notices will be based on these numbers.

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 second year and increases with this levy. It also includes proposed levy totals for Wright Technical Center and the Southwest Metro Coop.
- The Health and Safety levy will continue to have a cleanup levy for fiscal year 2015-16 to zero out the programs.
- Long-term facilities maintenance revenue 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 2017-18. The adjustments in the general fund also include the drop of the one-time catch up levy for the 2015-16 Q comp program.
- The numbers include the approval to reduce our debt service levy by \$400,000 to buy down the fund balance and to reduce the impact of bringing in these new revenue programs. We have received approval of this request.
- 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.

- Legislative changes will reduce the levy totals for the Student Achievement Levy and the Operating Capital Levy.
- The legislature also included an increase in the Equity revenue program for the 2017-18 fiscal year and the increase in the Equity revenue levy is that allowance change and the increased portion of our levy share due to our district valuation increase.

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 lower rate than in the past few years. These increases have the following affects:

- The increases bring the tax rates down from last year in both categories.
- 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 3.38% increase for net tax capacity and a 4.96% increase for referendum market values. The numbers used in September were 3.40% and 4.97% respectively. Hennepin County is showing a 4.29% increase for NTC and a 4.61% for RMV. These numbers are the same as they were in September. These numbers will change a bit by the time the final tax statements are sent out. Additionally, we are seeing a slightly higher fiscal disparities credit than originally projected. As a result, the projected tax rate changes are slightly lower than presented in September and are as follows:

- Referendum Market Value -.12313% down from .12600% last year
- Net Tax Capacity Value – 32.858% down from 34.0872% last year

We are showing that the tax impact on a \$200,000 home is \$28 less than last year and \$1 less than what was presented in September. Across the board, the tax burden is less than the prior year for similar valued property.

ATTACHMENT(S):

- Levy Summary 16 pay 17 TinT 11.14.16
- Tax Rates and Tax Impact 16 pay 17 TinT 11.14.16