

School Board Meeting/Workshop:

November 12, 2018

Subject:

2018 Payable 2019 Tax Levy

Presenter:

**Gary Kawlewski, Director
Finance and Operations**

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 10, 2018 school board meeting to discuss the 2018-19 budget and the proposed 2018 Payable 2019 levy and approve the final levy.

As a recap, the proposed levy certification amount presented at the September 24, 2018 meeting was a total of \$15,241,446. There was a change in the integration revenue after that date based on higher pupil counts that added additional revenue to the 19-20 allocation and increased the levy total by \$8,654. The new total is \$15,250,100. The total overall change is a 2.61% increase from last year or an increase of \$388,623. The Truth in Taxation notices will be calculated using 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 fourth year and remains relatively stable in total revenue but has a greater local share due to our increase in property values.
- The numbers include reducing our debt service levy by \$300,000 to buy down the fund balance and to reduce the impact of the levy total.
- The numbers include \$96,942 in savings from the general obligation bond refunding which closed in May 2018.
- 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 down from last year in both Referendum Market Value and 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.

Final referendum market values and net capacity values for Wright County used for the Truth in Taxation statements show a projected 5.83% increase for net tax capacity and a 7.27% increase for referendum market values. Hennepin County is showing a 5.61% increase for NTC and a 6.03% for RMV. The final districtwide totals are a 5.79% increase for NTC and a 7.06% for RMV. 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 higher fiscal disparities credit than originally projected which reduces the total amount of the levy. Due to these changes, the projected tax rates are lower than shown in September and are as follows:

- Referendum Market Value – .12761% - down from .12930% last year (down from .13035% in September)
- Net Tax Capacity Value – 30.7435% - down from 32.4499% last year (down from 30.9949% in September)
- The current tax rate projection on a \$200,000 home is \$811 versus \$845 last year (down from \$821 shown in September)
- When factoring in the average 7.06% increase in property values moving a \$200,000 home to \$214,127, the actual tax increase would be about \$31 per year based on the current projections (\$23 shown in September).

Across the board, the tax burden is lower than the prior year for similarly valued property. However, when factoring in property value increases, most properties will experience an increase in school taxes.

ATTACHMENT(S):

-Levy Summary 18 pay 19 T in T 11.12.18

-Tax Rates and Tax Impact 18 pay 19 T in T 11.12.18