

# South Washington County Schools - ISD #833

## Public Hearing for Taxes Payable in 2017

DECEMBER 1, 2016

PRESENTED BY: DAN PYAN, DIRECTOR OF FINANCE AND  
OPERATIONS



# Tax Hearing – State Law Requirements

## Public meeting

- Between November 25 and December 28
- After 6:00 pm
- May be part of regularly scheduled meeting

## Presentation of

- Current year budget
- Prior year actual revenue and expenditures
- Proposed property tax levy including percentage increase
- Specific purposes and reasons for which taxes are being increased

Must also allow for public comments



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# Agenda for Hearing



1. Background on School Funding, Property Tax Levies, and Budgets
2. Information on District's Budget
3. Information on District's Proposed Tax Levy for Taxes Payable in 2016
4. Public Comments and Questions



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# Public Education is Strong in Minnesota

- In Minnesota, state law now requires 100% of juniors and seniors be offered the ACT but test is no longer mandatory
- Minnesota's average composite score of 21.1 is highest of the all states in which at least 90% of their high school graduates took the 2016 test
- National composite score for 2016 is 20.8
- ISD #833's 2016 ACT results exceeded state and national results
  - High school graduates who took assessment = 99%
  - Average composite score of 22.3



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# Public Schools Established by Minnesota Constitution

## ARTICLE XIII MISCELLANEOUS SUBJECTS

Section 1. UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people,

*it is the duty of the legislature to establish a general and uniform system of public schools.*

The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.



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**As a result...**

**School funding is highly regulated by the state**

**State sets**

- Formulas which determine revenue; most revenue is based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters)

**State authorizes school board to submit referendums for operating and capital needs to voters for approval**



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# Basic General Education Formula Lags Inflation

Since 2003, State General Education Revenue formula has not kept pace with inflation

For FY 2016 and FY 2017, Legislature approved an increase of 2% per year

- \$117 per pupil unit in FY 2016
- An additional \$119 for FY 2017

Per-pupil allowance for Fiscal Year 2017 would need to increase by another \$550 (9.1%) to have kept pace with inflation

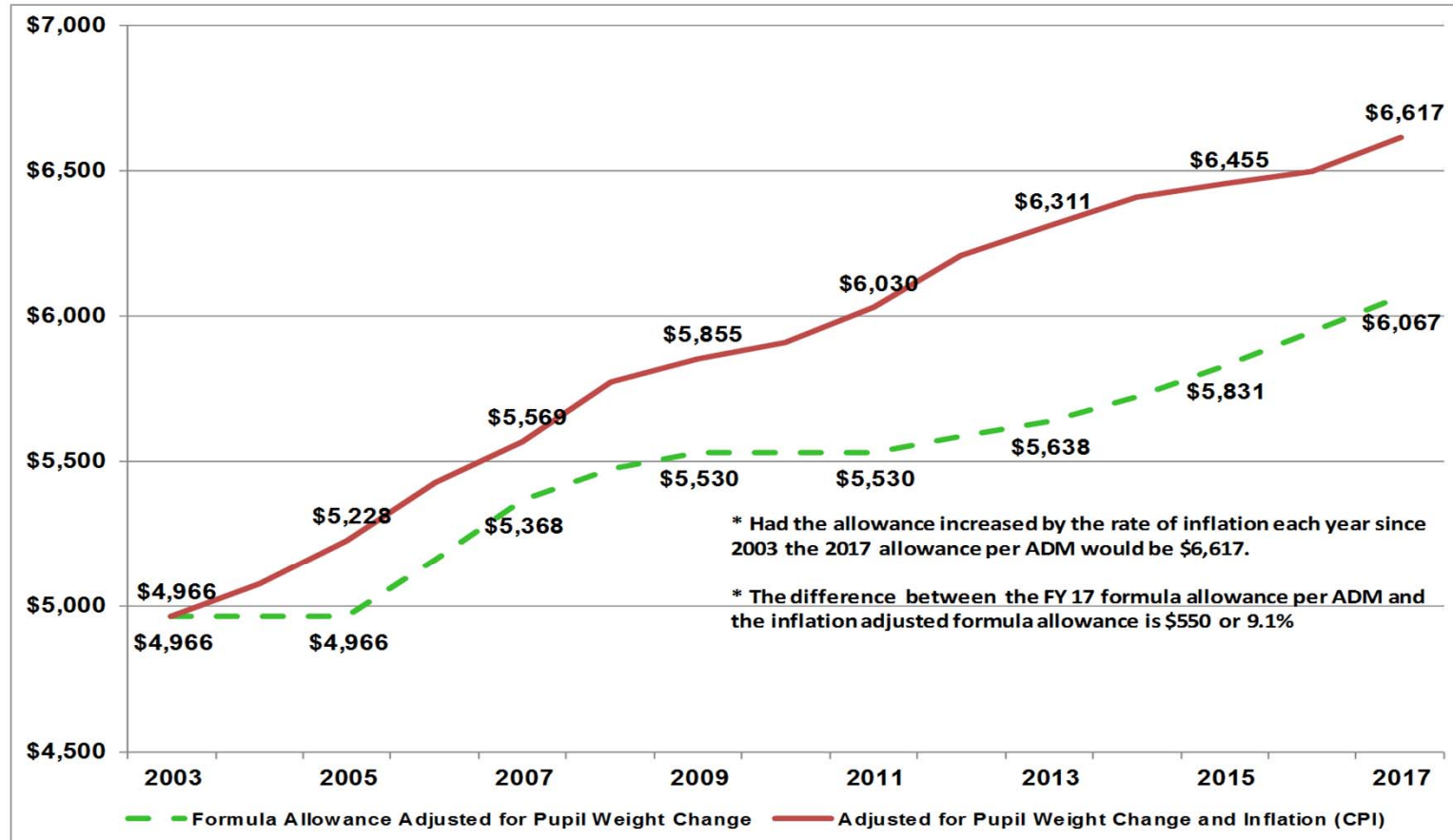


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# Basic General Education Formula Lags Inflation

## General Education Formula Allowance, 2003-2017

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE July 2016 Inflation Estimates

**EHLERS**  
LEADERS IN PUBLIC FINANCE



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## Special Education – Under Funded

- According to MDE reports: The cost of providing special education programs was 40% underfunded, requiring a use of \$679 per pupil from regular program resources to support programs mandated by state and federal law.
- 2015 Legislature increased special education funding for 16-17 Biennium by approximately \$180 million, reducing need to subsidize special education with regular program resources from \$679 to \$507 per pupil.
- Primary options to bridge special education funding gap are to cut regular program budgets or increase referendum revenue; most districts have done both.



# Result: A Growing Reliance on Operating Referendum Revenue

Average operating referendum authority per pupil is increasing

For Fiscal Year 1992-93, 65% of districts had referendum revenue averaging \$332 per pupil

For Fiscal Year 2016-17, all 331 districts have referendum revenue and/or local optional revenue authority averaging \$1,262 per pupil

- 20.8% of general education formula allowance
- Of this amount, \$853 is board approved or voter approved operating referendum, and \$409 is Local Optional Revenue

# Change in Tax Levy Does not Determine Change in Budget

- Tax levy is based on many state-determined formulas.
- Some increases in tax levies are revenue neutral, offset by reductions in state aid.
- Expenditure budget is limited by state-set revenue formulas, voter-approved levies, and fund balance, not just by tax levies.
- An increase in school taxes does not always correlate to an equal increase in budget.



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# School District Levy Cycle is Different from City and County Levy Cycle

## City/County

- Budget Year is same as calendar year.
- 2017 taxes provide revenue for calendar year 2017 budget.

## School District

- Budget year begins July 1<sup>st</sup> and coincides with school year.
- 2017 taxes provide revenue for 2017-18 school/fiscal year.
- Budget will be adopted in June 2017.



# Budget Information

Because approval of budget lags certification of tax levy by six months, State requires only current year budget information and prior year actual financial results to be presented at this hearing.



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# Budget Information

- School districts' budgets are divided into separate funds, based on purposes of revenue, as required by law

For our district, 7 funds

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- Trust
- Internal Service



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**ISD #833 - South Washington County Schools**  
**District Revenues and Expenditures**  
**Budget for FY 2016 and FY 2017**

FUND	FY 2016 BEGINNING FUND BALANCES	FY 2016 ACTUAL REVENUES AND TRANSFERS IN	FY 2016 ACTUAL EXPENDITURES & TRANSFERS OUT	JUNE 30, 2016 ACTUAL FUND BALANCES	FY 2017 BUDGET REVENUES AND TRANSFERS IN	FY 2017 BUDGET EXPENDITURES & TRANSFERS OUT	JUNE 30, 2017 PROJECTED FUND BALANCES
General	\$10,317,485	\$204,431,448	\$207,445,867	\$7,303,067	\$211,579,522	\$211,382,853	\$7,499,736
Food Service	\$78,679	\$9,091,254	\$8,560,885	\$609,048	\$9,755,472	\$9,651,524	\$712,996
Community Service	\$747,755	\$13,269,164	\$13,251,998	\$764,921	\$13,979,457	\$13,910,516	\$833,862
Building Construction	\$11,028,500	\$129,259,722	\$26,008,614	\$114,279,608	\$988,718	\$37,697,839	\$77,570,487
Debt Service	\$40,357,374	\$114,598,349	\$64,967,855	\$89,987,868	\$28,744,196	\$28,185,447	\$90,546,617
Trust	\$48,508	\$40,500	\$33,000	\$56,008	\$36,300	\$36,300	\$56,008
Internal Service	\$11,290,827			\$8,941,038			\$7,541,038
<b>TOTAL - ALL FUNDS</b>	<b>\$73,869,128</b>	<b>\$470,690,437</b>	<b>\$320,268,219</b>	<b>\$221,941,557</b>	<b>\$265,083,665</b>	<b>\$300,864,479</b>	<b>\$184,760,743</b>



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# South Washington County Schools

## 2015-16 General Fund Results

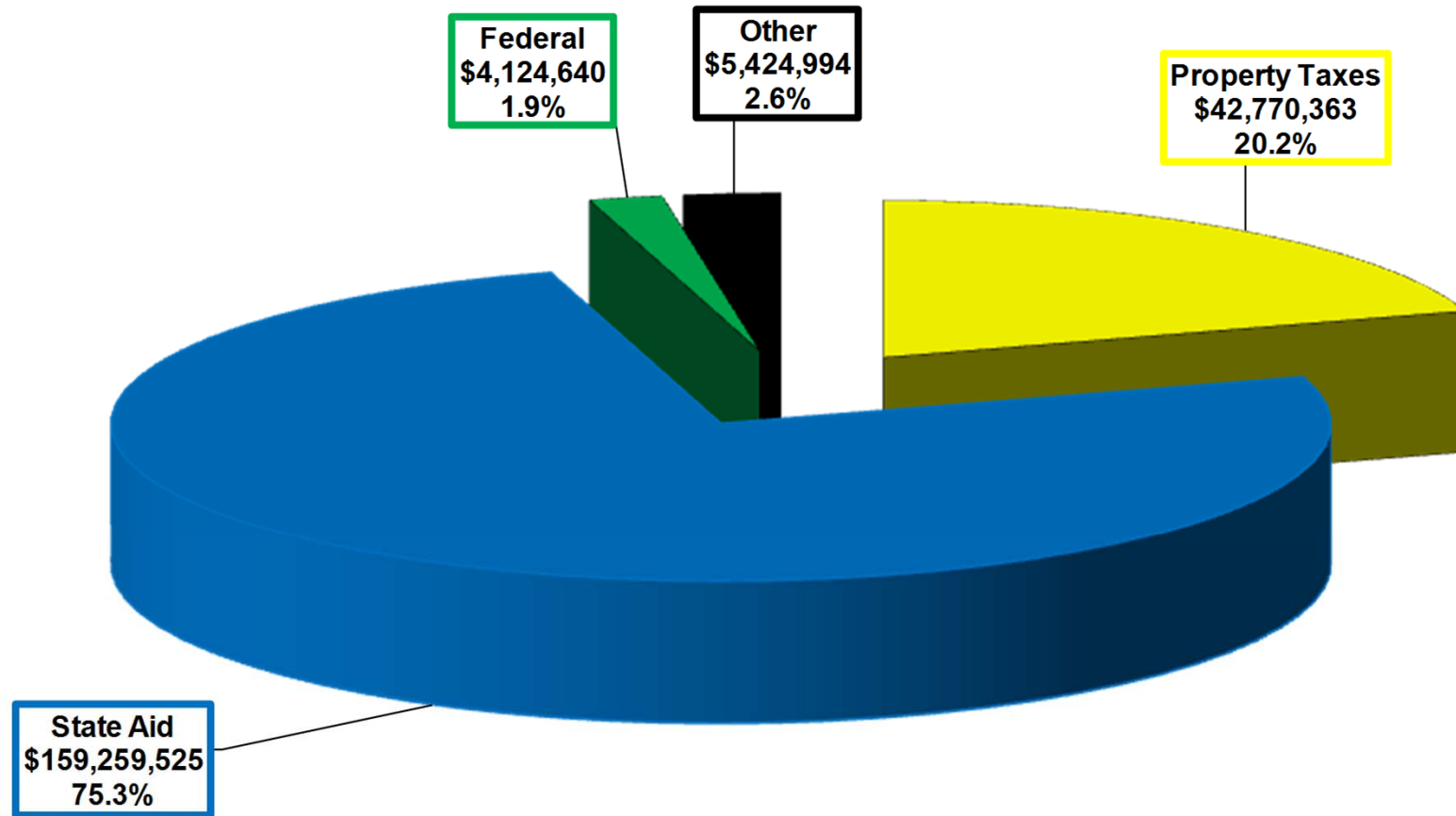
Beginning Fund Balance – 06/30/15	\$ 10,317,486	
REVENUES	\$204,431,448	
EXPENDITURES	\$207,445,867	
Ending Fund Balance – 06/30/16	\$ 7,303,067	3.52%

Beginning Fund Balance – 06/30/16	\$ 7,303,067	
Budgeted REVENUES	\$211,579,522	
Budgeted EXPENDITURES	\$211,382,853	
Ending Fund Balance – 06/30/17	\$ 7,499,736	3.55%



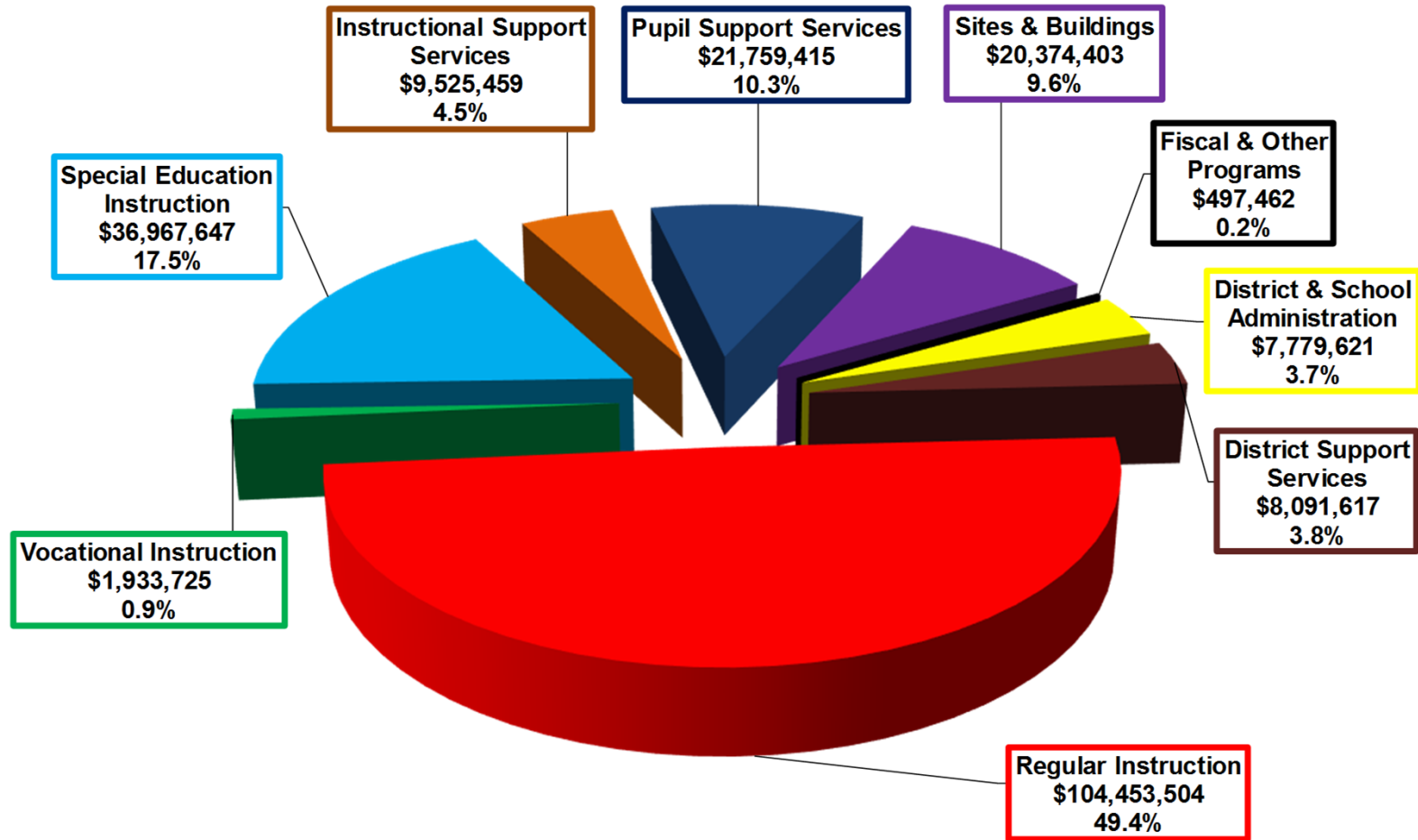
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## ISD #833 General Fund Revenue 2016-17 Budget \$211,579,522

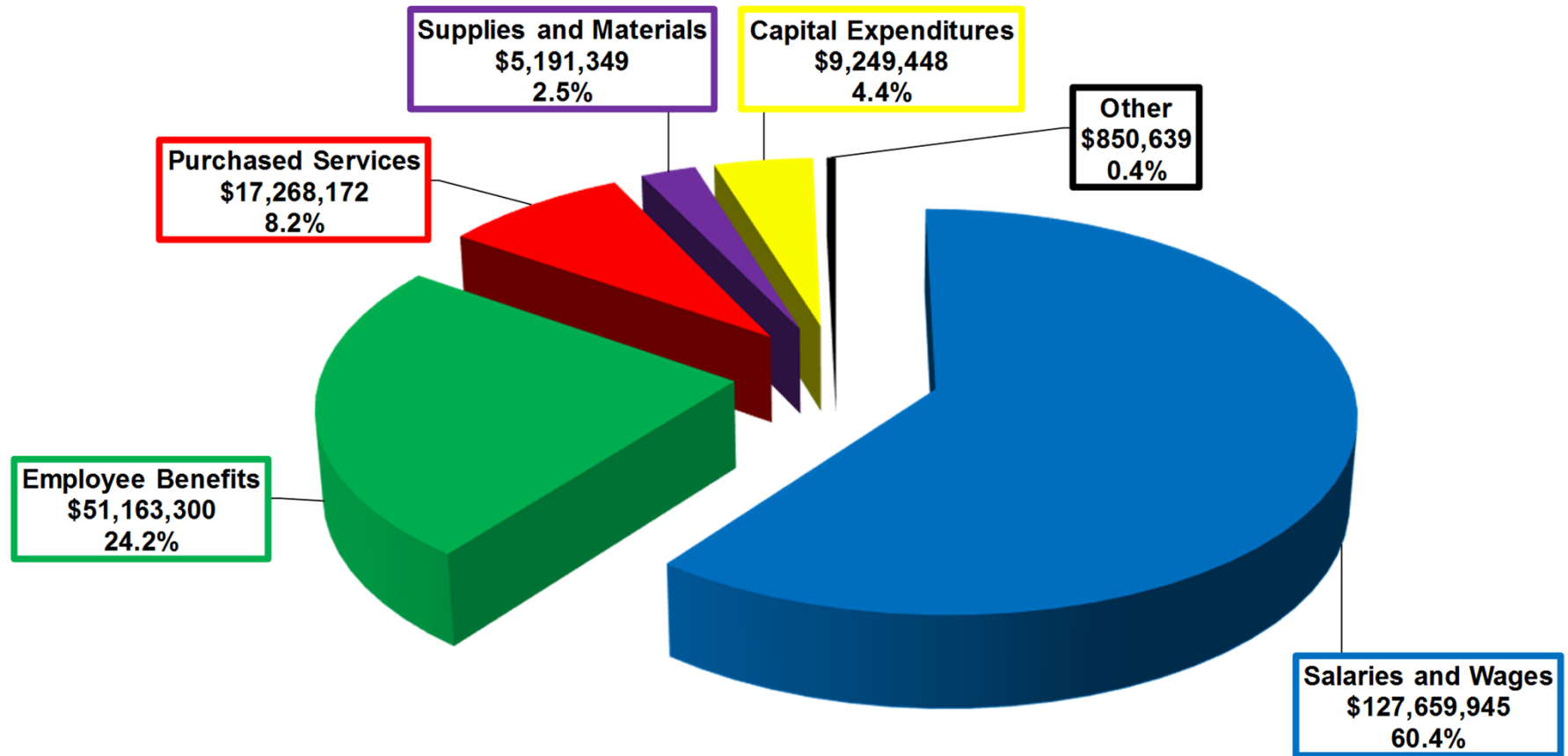


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## ISD #833 General Fund Expenditures by Program 2016-17 Budget \$211,382,853



## ISD #833 General Fund Expenditures by Object FY 2016-17 Budget \$211,382,853



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# Proposed 2017 Property Tax Levy



- Determination of levy
- Comparison of 2016 to 2017 levies
- Specific reasons for changes in tax levy
- Impact on taxpayers



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# Property Tax Background

Every owner of taxable property pays property taxes for various “taxing jurisdictions” (county, city or township, school district, special districts) in which property is located.

Each taxing jurisdiction sets its own tax levy, often based on limits in state law.

County sends out bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions.



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**Spruce County**  
Jane Smith, Auditor-Treasurer  
345 12th Street East, Box 78  
Spruceville, MN 55555-5555  
(555) 345-6789  
www.co.spruce.mn.us

**TAXPAYER(S):**

John and Mary Johnson  
123 Pine Rd S  
Spruceville, MN 55555-5555

**Property Information**

PIN Number: 01.234.56.789.R1      Property Address: 789 Pine Rd S  
Spruceville, MN 55555

Property Description:  
Lot 1, Block 1, Spruce Acres Subdivision

## PROPOSED TAXES 2017

THIS IS NOT A BILL. DO NOT PAY.

VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2016	2017
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
Step	PROPOSED TAX		
2	Proposed Tax		\$1,467.52
Step	PROPERTY TAX STATEMENT		
3	Coming in 2017		
<b>The time to provide feedback on PROPOSED LEVIES is NOW</b>			
It is too late to appeal your value without going to Tax Court.			

### Proposed Property Taxes and Meetings by Jurisdiction for Your Property

Contact Information	Meeting Information	Actual 2016	Proposed 2017	
State General Tax	No public meeting	\$0	\$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 9, 7:00 PM	\$438.06	\$484.18	
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 1, 6:30 PM Spruceville City Hall	\$273.79	\$312.06	
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789	December 2, 7:00 PM Spruceville High School Cafeteria			
Voter Approved Levies		\$289.35	\$296.68	
Other Levies		\$340.11	\$374.60	
<i>Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2017 may be higher than the proposed amount shown on this notice.</i>				
<b>Total excluding any special assessments</b>		<b>\$1,341.31</b>	<b>\$1,467.52</b>	<b>9.0%</b>



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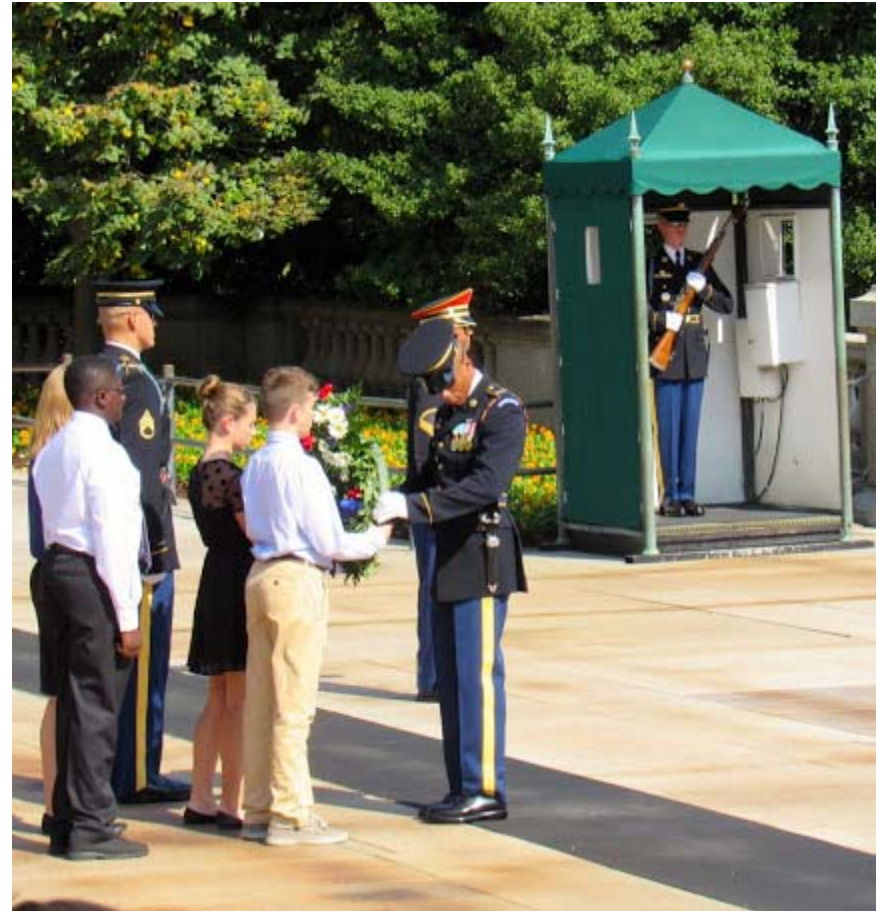
# School District Property Taxes

Each school district may levy taxes in up to 30 different categories.

“Levy limits” (maximum levy amounts) for each category are set either by:

- State law, or
- Voter approval.

Minnesota Department of Education (MDE) calculates detailed levy limits for each district.



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# Property Tax Background

## School District Property Taxes

- Key steps in process are summarized on next slide.
- Any of these steps may affect taxes on a parcel of property, but district has control over only 1 of 7 steps.



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## Minnesota School District Property Taxes - Key Steps in the Process

**Step 1.** The **City or County Assessor** determines the estimated market value for each parcel of property in the county.



**Step 2.** The **Legislature** sets the formulas for tax capacity. (E.g., for homestead residential property, tax capacity = 1% of first \$500,000 in value + 1.25% of value over \$500,000.) These formulas determine how much of the tax burden will fall on different types of property.



**Step 3.** The **County Auditor** calculates the tax capacity for each parcel of property in the county (based on values from step 1 and tax capacity formulas from step 2), as well as the total tax capacity for each school district.



**Step 7.** The **County Auditor** divides the final levy (determined by the school board in step 6) by the district's total tax capacity (determined in step 3) to determine the tax rate needed to raise the proper levy amount. The auditor multiplies this tax rate times each property's tax capacity, to determine the school tax for that property.\*

**Step 4.** The **Legislature** sets the formulas which determine school district levy limits. These are the maximum amounts of taxes that school districts can levy in every category.



**Step 5.** The **Minnesota Department of Education** calculates detailed levy limits for each school district, based on the formulas approved by the Legislature in step 4. These limits tell districts the exact amounts that can be levied in every category.



**Step 6.** The **School Board** adopts a proposed levy in September, based on the limits set in step 5. After a public hearing, the board adopts a final levy in December. Final levy cannot be more than the preliminary levy, except for amounts approved by voters.



\* For certain levy categories (referendum, equity and transition levies), tax rates and levy amounts are based on **referendum market value**, rather than **tax capacity**.

# Schedule of Events in Approval of District's 2016 (Payable 2017) Tax Levy

- Sept. 8: Department of Education prepared and distributed first draft of levy limit report, setting maximum authorized levy.
- Sept. 15: School Board approved proposed levy amounts.
- Mid-November: County mailed “Proposed Property Tax Statements” to all property owners.
- Dec. 1: Public hearing on proposed levy at regular meeting.
- Dec. 15: School Board will certify final levy amounts.





# Overview of Proposed Levy Payable in 2017

- Total 2017 proposed property tax levy is a decrease from final levy in 2016 of \$506,285, or 0.7%.
- Includes a decrease from proposed levy approved by School Board in September, due to an underlevy in Alternative Teacher Compensation program.
- Law requires that we explain reasons for major increases in levy.
- Some decreases in specific levies will also be explained.



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## ISD #833 - South Washington County Schools

### Comparison of Proposed Tax Levy Payable in 2017 to Actual Levy Payable in 2016

Fund	Levy Category	Actual Levy Payable in 2016	Proposed Levy Payable in 2017	\$ Change	% Change
<b>General Fund</b>					
	Voter Approved Referendum	\$24,944,679	\$25,234,709	\$290,030	
	Local Optional Revenue	7,448,270	7,702,393	254,123	
	Equity	1,670,371	1,636,759	(33,613)	
	Capital Projects - Technology	1,143,676	1,176,476	32,800	
	Operating Capital	1,591,388	1,179,357	(412,031)	
	Long Term Facilities Maintenance	1,057,008	2,057,132	1,000,124	
	Instructional Lease	2,662,521	2,269,167	(393,354)	
	Other	3,116,038	3,063,869	(52,169)	
	Adjustments for Prior Years	(720,870)	(1,335,448)	(614,578)	
	<b>General Fund Totals</b>	<b>\$42,913,082</b>	<b>\$42,984,413</b>	<b>\$71,332</b>	<b>0.2%</b>
<b>Community Service Fund</b>					
	Basic Community Education	\$686,767	\$686,767	\$0	
	Early Childhood Family Education	363,336	350,637	(12,699)	
	School-Age Child Care	330,000	360,000	30,000	
	Other	19,783	14,531	(5,252)	
	Adjustments for Prior Years	(20,426)	30,068	50,493	
	<b>Community Service Fund Totals</b>	<b>\$1,379,460</b>	<b>\$1,442,003</b>	<b>\$62,542</b>	<b>4.5%</b>
<b>Debt Service Fund</b>		<b>\$28,744,196</b>	<b>\$28,090,850</b>	<b>(\$653,346)</b>	<b>-2.3%</b>
<b>Total Levy, All Funds</b>		<b>\$73,036,738</b>	<b>\$72,517,266</b>	<b>(\$519,473)</b>	<b>-0.7%</b>
<b>Subtotal by Truth in Taxation Categories:</b>					
	Voter Approved Levies	\$53,058,963	\$52,636,342	(\$422,621)	
	Other Levies	\$19,977,776	\$19,880,924	(\$96,852)	
	<b>Total</b>	<b>\$73,036,738</b>	<b>\$72,517,266</b>	<b>(\$519,473)</b>	<b>-0.7%</b>



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# Explanation of Levy Changes

Category: Voter Approved Operating Referendum

Change: +\$290,030

Use of funds: General operating expenses

Reason for increase:

- Funding is based on voter approved authority per pupil and is provided through a combination of local tax levies and state aid; and
- Because district's total property value increased, share of funding provided through tax levy increased.



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# Explanation of Levy Changes

Category: Local Optional Revenue

Change: +\$254,153

Use of funds: General operating expenses

Reason for increase:

- Funding is based on a legislatively set formula of \$424 per pupil and is provided through a combination of local tax levies and state aid; and
- Because district's total property value increased, share of funding provided through tax levy increased.



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# Explanation of Levy Changes

Category: Operating Capital

Change: -\$412,031

Use of funds: Facility and equipment expenses

Reason for decrease:

- Funding is based on a legislatively set per pupil formula and is provided through a combination of local tax levies and state aid; and
- When 2015 legislature created new category of revenue (see LTFM information on next slide), local share of operating capital revenue was reduced to offset tax impact of new revenue.



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# Explanation of Levy Changes

Category: Long Term Facilities Maintenance (LTFM)

Change: +\$1,000,124 (offset by reductions in Operating Capital, Student Achievement, and Debt Service levies)

Use of funds: Facilities maintenance

Reason for increase:

- New category of revenue created by legislation in 2015;
- Replaced previous health & safety and alternative facilities programs; and
- Revenue is provided through property tax levies and state aid:
  - Equalized revenue is being phased in over 3 years;
  - ISD #833 will receive \$2.1 million in LTFM aid for fiscal year 2018 (40% of revenue); received \$1.25 million in aid for fiscal year 2017, and no aid in fiscal year 2016 from health and safety and alternative facilities programs; and
  - Increasing the levy in this program allows the district to maximize the available state aid to fund key facilities maintenance expenses.



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# Explanation of Levy Changes

Category: Instructional Lease

Change: -\$393,354

Use of funds: State-approved instructional lease costs

Reason for decrease:

- Amount is based on estimated cost of qualifying state-approved instructional lease costs; and
- Amount also includes adjustments to prior year estimates, based on actual expenditures:
  - Actual costs for lease payments related to purchase of Valley Crossing School are less than estimate included in Pay 2016 levy.



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# Explanation of Levy Changes

Category: Prior Year Adjustments - General Fund

Change: -\$614,578

Use of funds: General operating expenses

Reason for decrease:

- Each year, initial levies are based on estimates of enrollment, values, and expenditures for future years;
- In later years, estimates are updated and levies are retroactively adjusted; and
- 2017 levy includes negative adjustments in several categories of levies.



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# Explanation of Levy Changes

Category: Debt Service

Change: -\$653,346

Use of funds: Payments on bonds

Reason for decrease:

- In April of 2016, district refunded (refinanced) its 2006A bonds, which reduced taxes payable in 2017 by approximately \$1.4 million; and
- Reduction from refunding was partially offset by increasing payments on other bonds.



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# Impact on Taxpayers

Many factors can cause tax bill for an individual property to increase or decrease from year to year:

- Changes in value of individual property;
- Changes in total value of all property in district; and
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors.



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# Impact on Taxpayers

Following is a table and graphs showing examples of changes in school district portion of property taxes from 2014 to 2017:

- Examples include school district taxes only; and
- All examples are based on a 17.4% increase in property value over this period:
  - Actual changes in value may be more or less than this for any parcel of property; and
  - Figures are intended to provide a fair representation of what has happened to school district property taxes over this period for typical properties.



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# Impact on Taxpayers

Examples for property in City of Woodbury.

- For commercial-industrial property, school taxes in other parts of district may be slightly higher or lower, due to variations in impact of Fiscal Disparities Program.

Figures for 2017 are preliminary estimates, based on best data available now – final figures could change slightly.

Estimates were prepared by Ehlers (district's financial advisors).



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## ISD #833 - South Washington County Schools

### Estimated Changes in School Property Taxes, 2014 to 2017

Based on 17.4% Cumulative Changes in Property Value from 2014 to 2017 Taxes

Type of Property	Estimated Market Value for 2014 Taxes	Actual Taxes Payable in 2014	Estimated Market Value for 2015 Taxes	Actual Taxes Payable in 2015	Estimated Market Value for 2016 Taxes	Actual Taxes Payable in 2016	Estimated Market Value for 2017 Taxes	Estimated Taxes Payable in 2017	Change in Taxes 2014 to 2017	Change in Taxes 2016 to 2017
Residential Homestead	\$85,148	\$407	\$97,069	\$448	\$99,010	\$597	\$100,000	\$559	\$152	-\$38
	127,722	684	145,603	739	148,515	964	150,000	902	218	-62
	170,296	961	194,137	1,030	198,020	1,330	200,000	1,245	284	-85
	191,583	1,099	218,404	1,175	222,772	1,514	225,000	1,417	318	-97
	212,870	1,237	242,671	1,320	247,525	1,697	250,000	1,589	352	-108
	234,157	1,376	266,938	1,466	272,277	1,881	275,000	1,760	384	-121
	255,444	1,514	291,206	1,611	297,030	2,064	300,000	1,932	418	-132
	298,017	1,791	339,740	1,902	346,535	2,431	350,000	2,275	484	-156
	340,591	2,067	388,274	2,192	396,040	2,798	400,000	2,619	552	-179
Commercial/Industrial #	425,739	2,616	485,343	2,750	495,050	3,505	500,000	3,279	663	-226
	\$85,148	\$509	\$97,069	\$537	\$99,010	\$688	\$100,000	\$646	\$137	-\$42
	425,739	2,891	485,343	3,066	495,050	3,848	500,000	3,618	727	-230
	851,478	5,970	970,685	6,303	990,099	7,873	1,000,000	7,402	1,432	-471
	1,277,218	9,049	1,456,028	9,540	1,485,149	11,898	1,500,000	11,186	2,137	-712
	1,702,957	12,128	1,941,371	12,778	1,980,198	15,923	2,000,000	14,970	2,842	-953

<b>Tax Rates</b>				
<b>Tax Capacity Rate</b>	39.169	35.675	36.812	34.298
<b>Referendum Market Value Ra</b>	0.22287	0.20996	0.33988	0.31272

\* Figures above are for property in the City of Woodbury. Since the portion of the agricultural homestead credit deducted from school district taxes varies across municipalities, school taxes for that year may be slightly different than shown above for agricultural homestead property in other portions of the school district.

# For commercial-industrial property, school taxes may be slightly different in other municipalities in the district, due to the varying impact of the Fiscal Disparities Program.

#### General Notes

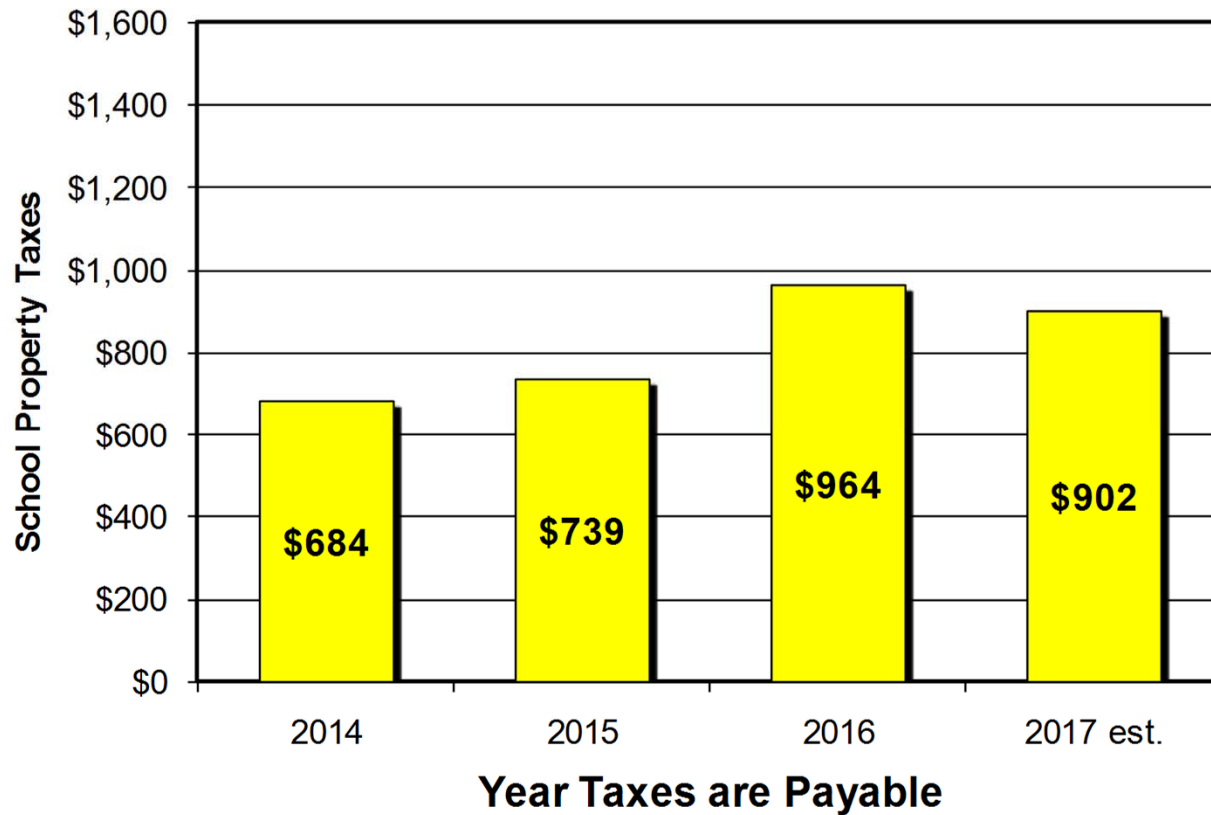
1. The figures in the table are based on school district taxes only, and do not include taxes for the city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2017 taxes are preliminary, based on the best data available as of the date above.
3. For all examples of properties, taxes are based on changes in taxable market value of 14.0% from 2014 to 2015 taxes, 2.0% from 2015 to 2016, and 1.0% from 2016 to 2017.

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### Estimated Changes in School Property Taxes, 2014 to 2017

*Based on 17.4% Cumulative Changes in Property Value from 2014 to 2017 Taxes*

#### Example 1: \$150,000\* Residential Homestead Property

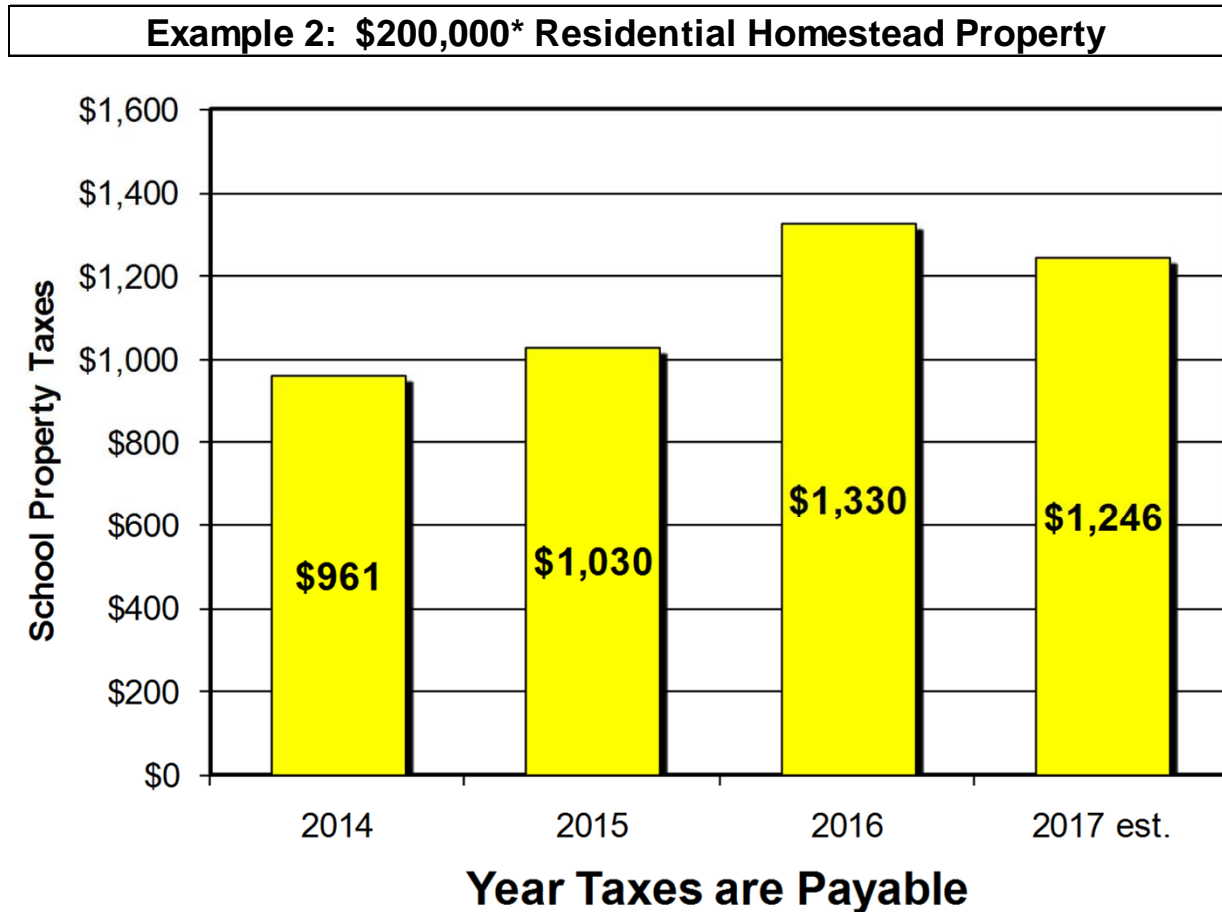


\* The value shown in the title of the chart is the estimated market value for taxes payable in 2017. Taxes are calculated based on changes market value of 14.0% from 2014 to 2015 taxes, 2.0% from 2015 to 2016, and 1.0% from 2016 to 2017.

## ISD #833 - South Washington County Schools

### Estimated Changes in School Property Taxes, 2014 to 2017

*Based on 17.4% Cumulative Changes in Property Value from 2014 to 2017 Taxes*



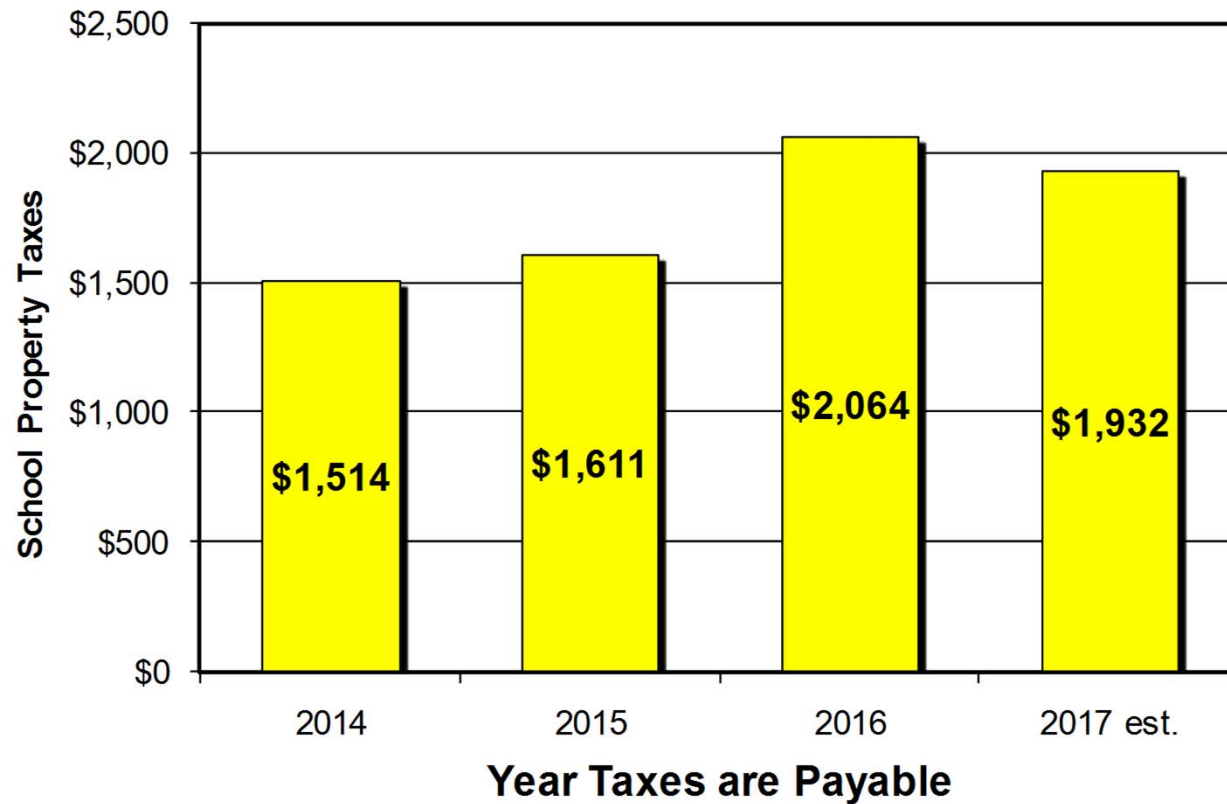
\* The value shown in the title of the chart is the estimated market value for taxes payable in 2017. Taxes are calculated based on changes market value of 14.0% from 2014 to 2015 taxes, 2.0% from 2015 to 2016, and 1.0% from 2016 to 2017.

## ISD #833 - South Washington County Schools

### Estimated Changes in School Property Taxes, 2014 to 2017

*Based on 17.4% Cumulative Changes in Property Value from 2014 to 2017 Taxes*

#### Example 3: \$300,000\* Residential Homestead Property



\* The value shown in the title of the chart is the estimated market value for taxes payable in 2017. Taxes are calculated based on changes market value of 14.0% from 2014 to 2015 taxes, 2.0% from 2015 to 2016, and 1.0% from 2016 to 2017.

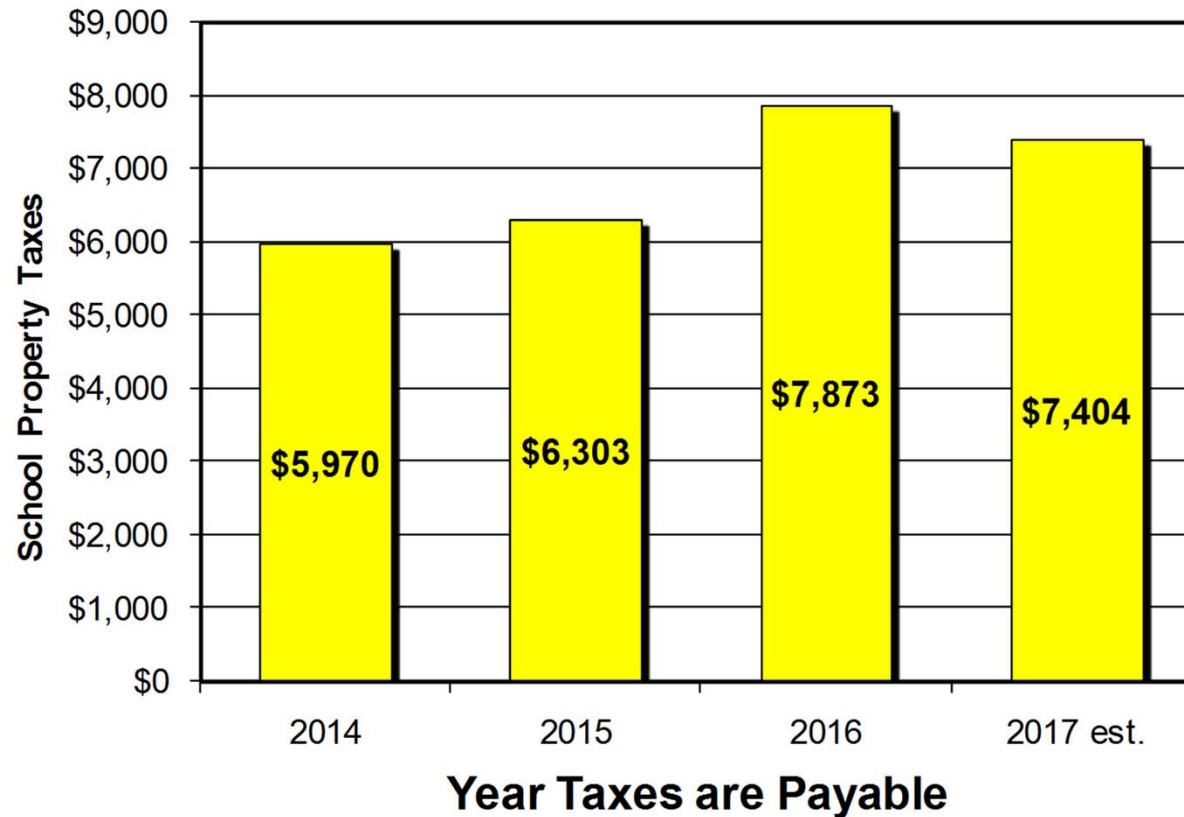


## ISD #833 - South Washington County Schools

### Estimated Changes in School Property Taxes, 2014 to 2017

*Based on 17.4% Cumulative Changes in Property Value from 2014 to 2017 Taxes*

#### Example 4: \$1,000,000\* Commercial/Industrial Property



\* The value shown in the title of the chart is the estimated market value for taxes payable in 2017. Taxes are calculated based on changes market value of 14.0% from 2014 to 2015 taxes, 2.0% from 2015 to 2016, and 1.0% from 2016 to 2017.

# State Property Tax Refunds

State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property.

Programs may reduce net tax burden for local taxpayers, but only if forms are completed and submitted.

For help with forms and instructions:

- Consult tax professional; or
- Visit Department of Revenue web site at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).



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# State Property Tax Refunds

## Minnesota Property Tax Refund (aka “Circuit Breaker” Refund):

- Has existed since 1970s;
- Available to all owners of homestead property;
- Annual income must be approximately \$107,930 or less (income limit is higher if you have dependents);
- Refund is a sliding scale, based on total property taxes and income;
- Maximum refund is \$2,640;
- Especially helpful to those with lower incomes; and
- Complete state tax form M-1PR.



# State Property Tax Refunds

## Special Property Tax Refund:

- Available for all homestead properties with a gross tax increase of at least 12% and \$100 over prior year;
- Refund is 60% of amount by which tax increase exceeds greater of 12% or \$100, up to a maximum of \$1,000;
- No income limits; and
- Complete state tax form M-1PR.



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# Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with a household income of \$60,000 or less to defer a portion of property taxes on their home;
- Taxes paid in any year limited to 3% of household income for year before entering deferral program; this amount does not change in future years;
- Additional taxes are deferred, but not forgiven;
- State charges interest up to 5% per year on deferred taxes and attaches a lien to property; and
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies.



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## Next Steps

- School Board will accept public comments and questions on proposed tax levy.
- School Board will certify final 2016 tax levy on Dec. 15.



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# Public Comments and Questions



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