

## **TRUTH-IN-TAXATION**

**Thursday, December 12, 2019**

**6:30 p.m.**

**School District Board Meeting Room**

- 1. Declare Meeting Open – Mark Leigh,  
Chairperson**
- 2. Levy Comparison Presentation – Douglas A.  
Hasler, Director of Business Services**
- 3. Solicit Questions and Input – Mark Leigh,  
Chairperson**
- 4. Declare Meeting Closed – Mark Leigh,  
Chairperson**

## TAX LEVY CALENDAR

July 2019	Legislature Sets School Finance Formulas
August 2019	Long Term Facility Maintenance (LFTM) Application Due
August 2019	Balance of Pupil Projections and Other School Data Necessary To Complete Initial Levy Runs
August 2019	Set Dates and Location of Levy Hearings
September 2019	Schools Receive Initial Levy Limitation Forms From Minnesota Department of Education
September 26, 2019	Certify Proposed Levy (1)
November 2019	County Mails Levy Notices to Property Owners
December 12, 2019	Public Mtg/Board Mtg regarding Levy & Certify Final Tax Levy (2)

- (1) Except for new voter approved tax levies, the final levy cannot exceed the proposed levy certified in September.
- (2) The certification of the levy is the culmination of a five month process which began the previous July or August.

CHISAGO LAKES SCHOOLS  
FUND ACCOUNTING OVERVIEW  
FY 2019-2020

FUND 1    GENERAL FUND

- \* Classroom Instruction
- \* Extra-curricular Activities/Student activities
- \* Federal and State Instructional Programs
- \* Operations, Repair and Maintenance of Buildings and Grounds
- \* Special Education
- \* Student Support Programs
- \* Technology

TRANSPORTATION

- \* Transportation of Students to and from School

CAPITAL EXPENDITURES

- \* Building Lease Expenditures
- \* Long-Term Facility Maintenance Expenditures
- \* Building & Grounds Improvements
- \* Equipment Purchases
- \* Disabled Accessibility

FUND 2    FOOD SERVICE FUND

- \* School Lunch Program

FUND 4    COMMUNITY SERVICE FUND

- \* Adult Continuing Education Classes
- \* Early Childhood Family Education Classes
- \* School Sponsored Recreation Programs
- \* School Readiness
- \* School Latchkey Program – Kids Club
- \* Preschool Screening
- \* Operation of Wildcat Community Center

FUND 7    DEBT SERVICE FUND

- \* Repayment of Principal and Interest on Bonded Debt

## BASIC SCHOOL FINANCE EQUATION

$$\text{Local Levy} + \text{State Aid} = \text{Revenue}$$

### Points to Remember:

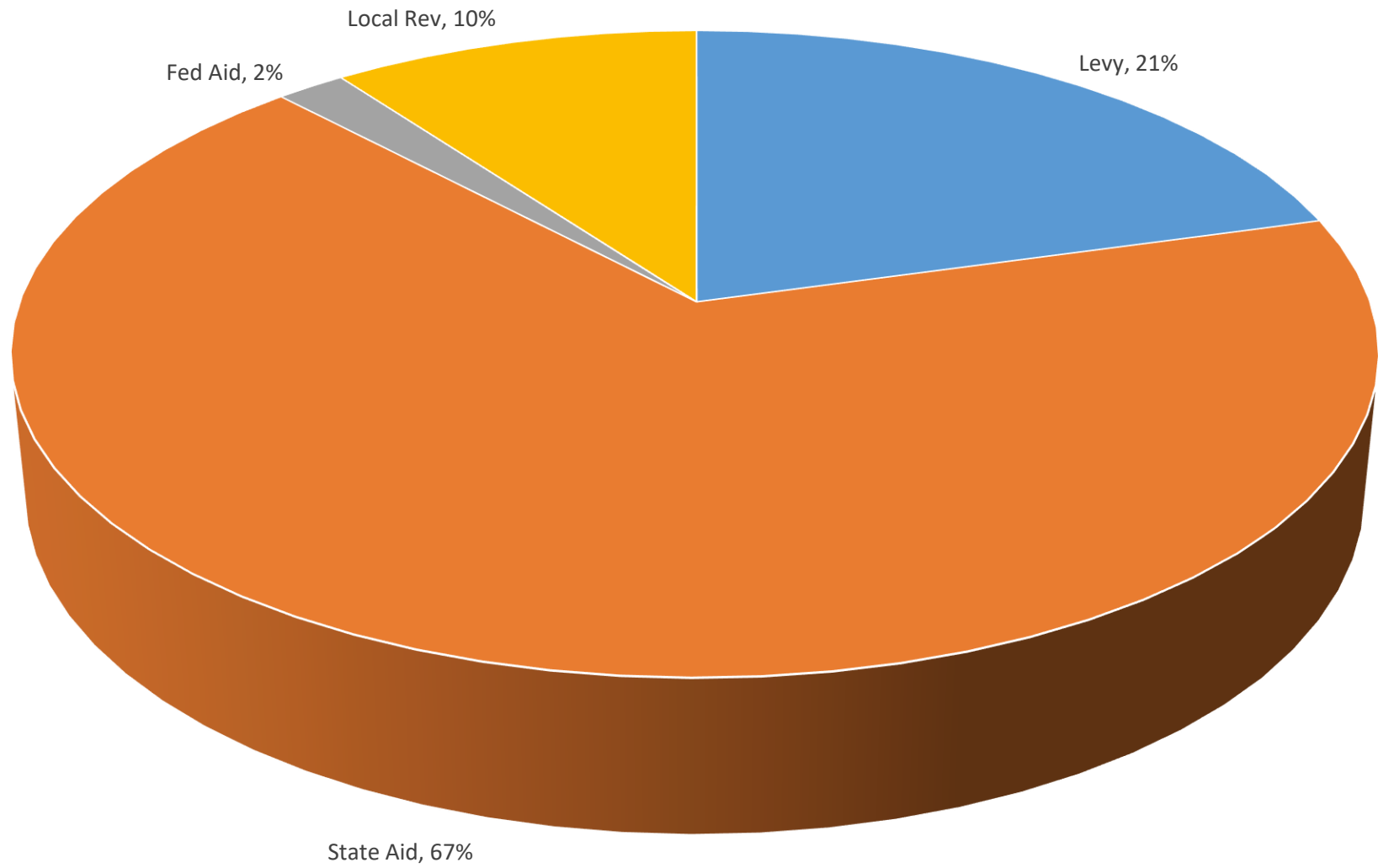
1. Revenue formulas are set by the State Legislature except for voter approved referendums.
2. Local Levy and State Aid mix are set by the State Legislature.
3. An increase in local taxes does not necessarily mean an increase in revenues for the school district.

# CHISAGO LAKES SCHOOLS

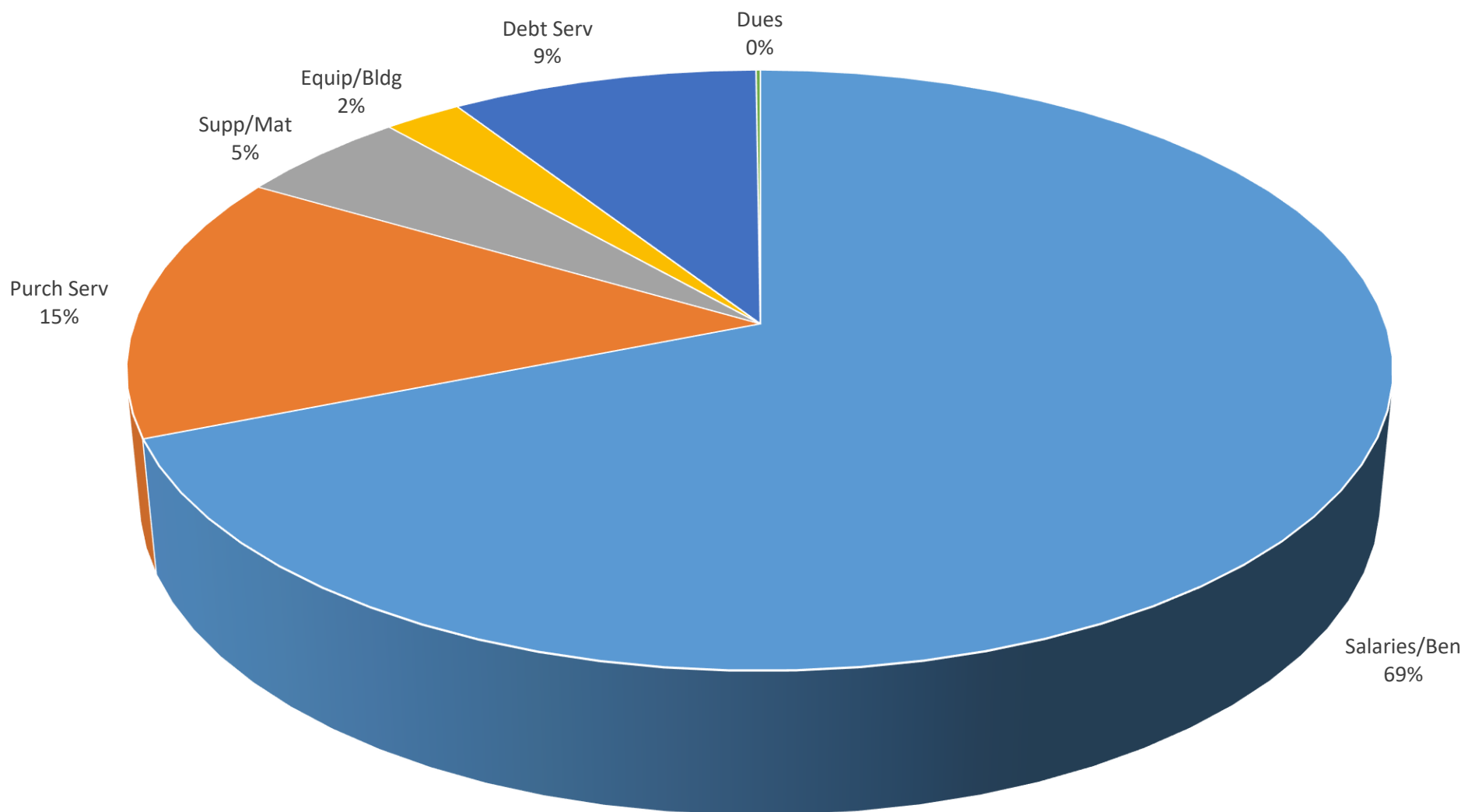
## FY 2018-2019 ACTUALS

REVENUES	Gen	Transp	Capital	Gen Fund SUBT	Food Svc	CommEd	DebtSvc	TOTAL
Levy	4,255,967	00	1,228,781	5,484,749	00	280,382	4,397,455	10,162,586
State Aid	29,211,849	2,493,568	1,050,226	32,755,643	93,570	250,530	00	33,099,743
Fed Aid	361,773	00	00	361,773	576,685	00	00	938,458
Local Rev	2,214,268	41,546	18,289	2,274,103	1,132,923	1,364,179	206,191	4,977,395
<b>Totals</b>	<b>36,043,858</b>	<b>2,535,113</b>	<b>2,297,296</b>	<b>40,876,267</b>	<b>1,803,177</b>	<b>1,895,091</b>	<b>4,603,645</b>	<b>49,178,180</b>
EXP	Gen	Transp	Capital	Gen Fund SUBT	Food Svc	CommEd	DebtSvc	TOTAL
Salaries/Bene	31,060,586	00	40	31,060,625	823,594	1,670,543	00	33,554,763
PurchServ	3,992,309	2,404,189	399,430	6,795,928	86,389	138,487	00	7,020,804
Supp	979,365	80,823	441,211	1,501,399	853,926	125,331	00	2,480,657
Equip/Bldg	21,063	00	1,030,731	1,051,793	18,005	53,676	00	1,123,474
Debt Svc	00	00	00	00	00	00	4,415,609	4,415,609
Assn Dues	59,325	00	00	59,325	2,148	1,508	00	62,981
<b>Totals</b>	<b>36,112,647</b>	<b>2,485,012</b>	<b>1,871,411</b>	<b>40,469,070</b>	<b>1,784,062</b>	<b>1,989,546</b>	<b>4,415,609</b>	<b>48,658,287</b>
<b>Rev over Exp</b>	<b>(68,789)</b>	<b>50,102</b>	<b>425,885</b>	<b>407,197</b>	<b>19,115</b>	<b>(94,455)</b>	<b>188,036</b>	<b>519,894</b>

## 2018-19 Total Revenues



## 2018-19 Total Expend



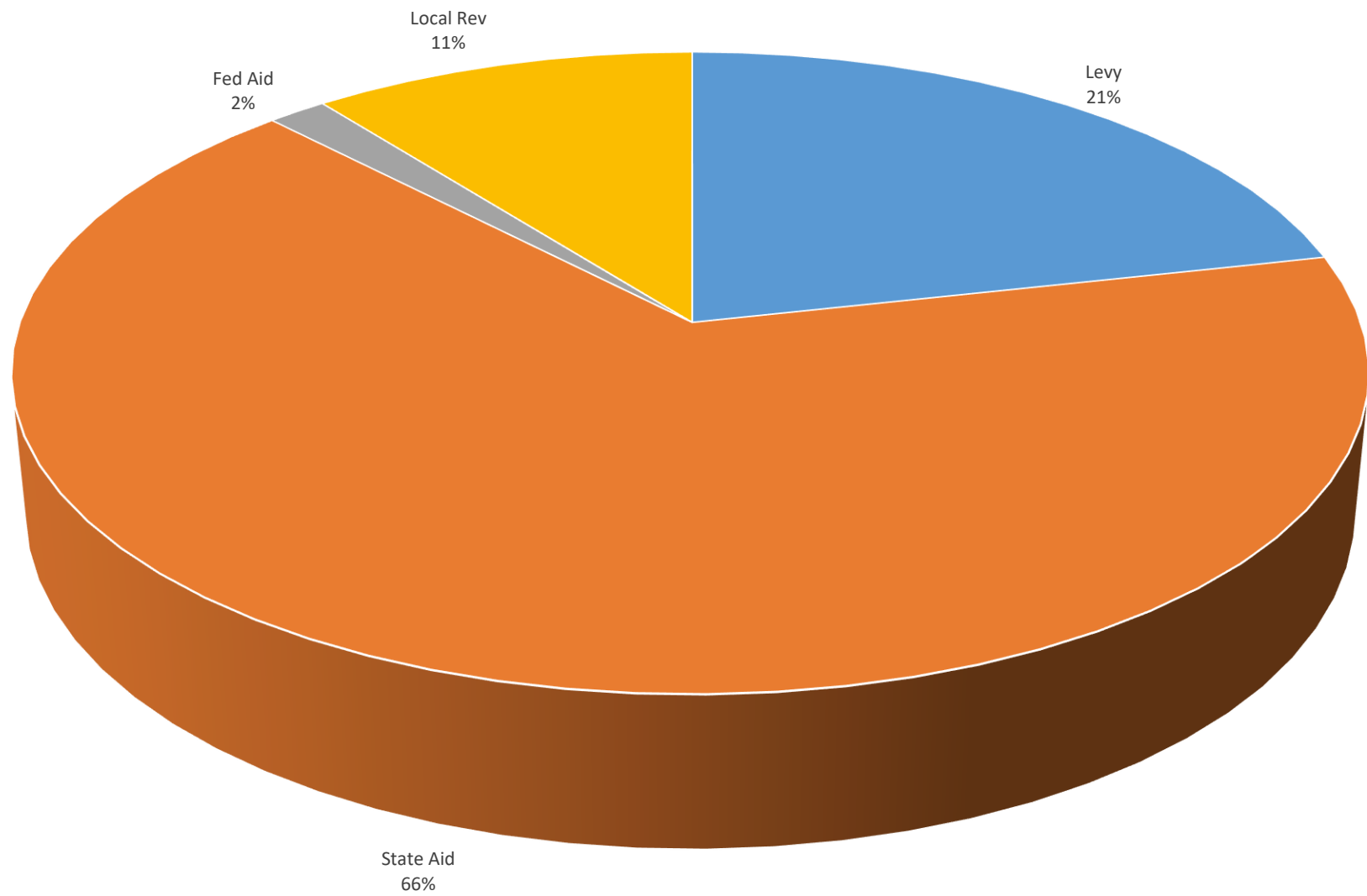
# CHISAGO LAKES SCHOOLS

## FY 2019-20 BUDGET (Preliminary Budget approved June 2019)

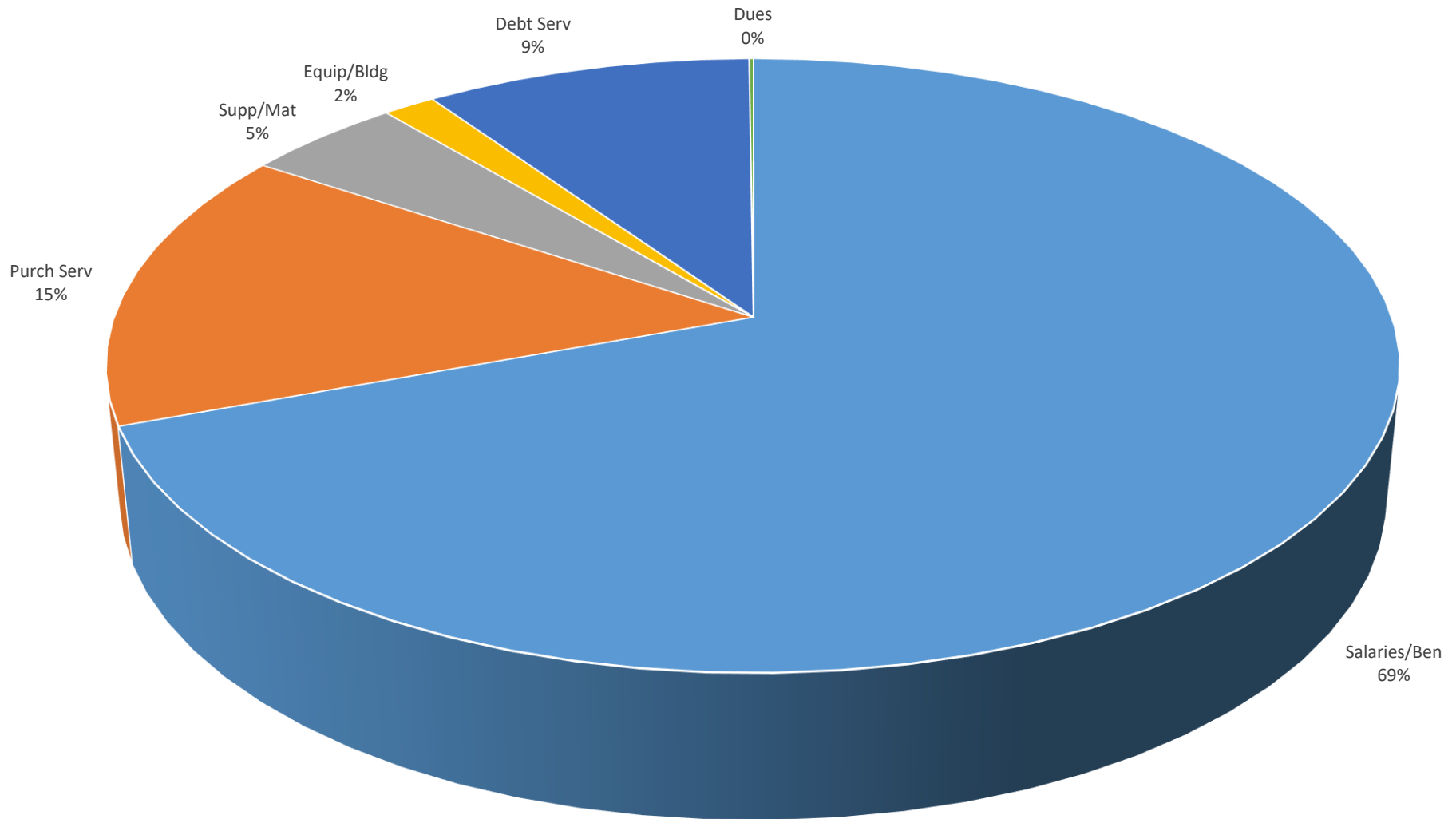
REVENUES	Gen	Transp	Capital	Gen Fund SUBT	Food Svc	CommEd	DebtSvc	TOTAL
Levy	4,438,458	00	1,054,829	5,493,287	00	334,259	4,918,265	10,745,811
State Aid	29,378,027	2,281,530	1,023,480	32,683,037	90,441	253,550	00	33,027,028
Fed Aid	349,404	00	00	349,404	467,956	00	00	817,360
Local Rev	2,179,300	42,800	00	2,222,100	1,191,980	1,725,267	151,107	5,290,454
<b>Totals</b>	<b>36,345,189</b>	<b>2,324,330</b>	<b>2,078,309</b>	<b>40,747,828</b>	<b>1,750,377</b>	<b>2,313,076</b>	<b>5,069,372</b>	<b>49,880,653</b>
EXP	Gen	Transp	Capital	Gen Fund SUBT	Food Svc	CommEd	DebtSvc	TOTAL
Salaries/Bene	31,575,150	00	40	31,575,190	827,127	1,902,570	00	34,304,887
PurchServ	4,095,524	2,667,700	283,223	7,046,447	90,727	227,647	00	7,364,821
Supp	1,071,099	120,600	227,019	1,418,718	752,256	89,450	00	2,260,424
Equip/Bldg	78,898	00	649,593	728,491	19,000	6,000	00	753,491
Debt Svc	00	00	00	00	00	00	4,686,388	4,686,388
Assn Dues	56,705	00	00	56,705	3,482	2,200	00	62,387
<b>Totals</b>	<b>36,877,376</b>	<b>2,788,300</b>	<b>1,150,875</b>	<b>40,825,551</b>	<b>1,692,592</b>	<b>2,227,867</b>	<b>4,686,388</b>	<b>49,432,398</b>
<b>Rev over Exp</b>	<b>(532,187)</b>	<b>(463,970)</b>	<b>918,434</b>	<b>(77,723)</b>	<b>57,785</b>	<b>85,209</b>	<b>382,984</b>	<b>448,255</b>



## 2019-20 Revenues



## FY 2019-2020 Expenditures



## Chisago Lakes Schools, ISD #2144

### EMPLOYEES 2019-2020

Group	Certified Full Time	Certified Part Time	Non-Certified Full Time	Non-Certified Part Time	Total
Administrators	14	0	NA	NA	14
Teachers (incl. ECFE/ ECSE)	225	5	NA	NA	230
Nurses	3	0	NA	NA	3
Coord/Directors	4	NA	NA	NA	4
Clerical/Secretarial	NA	NA	19	NA	19
Custodial (inc. Director)	NA	NA	20	1	21
Food Service (inc. Director & Secy.)	NA	NA	6	24	30
Other (MCEA)	NA	NA	1	N/A	1
Paraprofessionals (inc. Kids Club)	NA	NA	90	87	177
Pool	NA	NA	1	seasonal	1
Tech	3	0	0	NA	3
<b>Totals</b>	<b>249</b>	<b>5</b>	<b>137</b>	<b>112</b>	<b>503</b>

Not counted are SCRED workers in the buildings (social workers, psychologists), foster grandparents, reading corps, and the many substitutes in different areas.

## **CHISAGO LAKES SCHOOLS EXPENDITURE INFORMATION**

### **EXAMPLES OF PURCHASED SERVICES:**

- Minor Building Repairs and Improvement
- Equipment Repairs
- Liaison Officer
- Grounds Maintenance
- Computer Equipment Repair & Copier Repair
- Attorneys
- Private Consultants
- Architects
- Transportation Contracts with Private Carriers
- Advertising & Printing
- Special Education Tuition
- Utilities (Electric, Sewer & Water)
- Data Processing Services
- Communication Services (Telephone, Internet)
- Postage
- Insurance
- Travel
- Operating Leases or Rentals

## **CHISAGO LAKES SCHOOLS EXPENDITURE INFORMATION**

### **EXAMPLE OF SUPPLY PURCHASES:**

- Instructional Supplies
- Office Supplies
- Custodial Supplies
- Fuel for Buildings
- Food & Milk Purchases
- Media Resources
- Textbooks

### **EXAMPLES OF EQUIPMENT PURCHASES AND BUILDING REPAIRS**

- Instructional Equipment
- Computers
- Technology Equipment
- Classroom Furniture
- Capital Leases
- Lockers
- Outdoor Athletic Equipment
- Roof Repairs
- Boiler Replacement
- Pavement Replacement

### **EXAMPLES OF PRINCIPAL AND INTEREST EXPENDITURES:**

- Principal and Interest on Bonded Debt
- Principal and Interest on Cash Flow Borrowings
- Principal and Interest on Energy Loans

### **EXAMPLES OF MISCELLANEOUS PURCHASES:**

- Dues, Memberships, Licenses & Certain Fees

## **FACTORS IMPACTING TAX INCREASE**

### **ISSUES DRIVEN BY LEGISLATIVE DECISIONS:**

- Laws impacting building or health & safety code compliance.
- No change in equalizing factors while property values continue to rise.
- Application of Homestead Credits

### **ISSUES DETERMINED BY DISTRICT VOTERS:**

- Voter approved building bond issue.
- Voter approved operating referendum.

### **LOCAL FACTORS:**

- Inflationary pressure on real estate market.
- Change in individual assessed market value.
- Possible change in property classification.
- Abatements.
- Property improvements not previously taxed.

## **School District Levy Breakdown**

### ■ **Voter Approved Levies**

- Bond Referendum – May 2017 Vote
- Operating Referendum - \$225

For 10 years – expires in 2024

### ■ **Other Local Levies**

- Board Approved/Local Option Revenue - \$724
- Building Lease Levy
- Career Technical Levy
- Community Education Levy

## CHISAGO LAKES SCHOOLS

### LEVY COMPARISON

	<u>18 pay 19</u> <u>Limitation</u>	<u>19 pay 20</u> <u>Limitation</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Gen RMV voter approved	812,658.23	881,908.55	69,250.32	8.52%
Gen RMV-Other	2,809,992.17	3,041,070.86	231,078.69	8.22%
Gen NTC-Other	1,827,075.51	1,873,412.76	46,337.25	2.54%
	<b>5,449,725.91</b>	<b>5,796,392.17</b>	<b>346,666.26</b>	<b>6.36%</b>
 <b>COMMUNITY SERVICE</b>	 <b>344,060.99</b>	 <b>362,119.07</b>	 <b>18,058.08</b>	 <b>5.25%</b>
 <b>DEBT SERVICE TOTAL</b>	 <b>4,700,535.78</b>	 <b>4,870,258.55</b>	 <b>169,722.77</b>	 <b>3.61%</b>
 <b>TOTAL CERTIFIED LEVY</b>	 <b>10,494,322.68</b>	 <b>11,028,769.79</b>	 <b>534,447.11</b>	 <b>5.09%</b>



**CHISAGO LAKES SCHOOLS**  
**GENERAL FUND**  
 Levy Comparison

<b>GENERAL</b>	<u>Actual 18 Pay 19</u>	<u>Final 19 Pay 20</u>	<u>Dollar Difference</u>
1. Operating Referendum	\$812,658.23	\$881,908.55	\$69,250.32
2. Local Optional Aid	\$1,524,704.00	\$2,397,317.91	872,613.91
3. Board Approved	\$676,353.92	\$2,830.04	(673,523.88)
4. Equity Levy	\$572,093.74	\$600,943.05	\$28,849.31
5. Transition Levy	\$36,840.51	\$39,979.86	\$3,139.35
6. Operating Capital Levy	\$233,964.41	\$236,679.64	\$2,715.23
7. Safe Schools Levy (Crime Levy)	\$130,808.88	\$135,616.68	\$4,807.80
8. Health & Safety Levy	00.00	00.00	00.00
9. Building Lease Levy	\$280,464.90	\$138,790.69	(\$141,674.21)
10. Deferred Maintanance	00.00	00.00	00.00
11. Re-employment Levy	\$17,217.95	\$34,421.10	\$17,203.15
12. Career Technical Levy	\$271,798.41	\$258,684.73	(\$13,113.68)
13. Abatements	\$513.71	(62.54)	(\$576.25)
14. Q-Comp Levy	\$321,395.36	\$340,724.38	\$19,329.02
15. LT Facility Maintenance	<u>\$570,911.89</u>	<u>\$728,558.08</u>	<u>\$157,646.19</u>
<b>TOTAL GROSS LEVY</b>	<b>\$5,449,725.91</b>	<b>\$5,796,392.17</b>	<b>\$346,666.26</b>

**CHISAGO LAKES SCHOOLS**  
**COMMUNITY ED FUND**  
 Levy Comparison

<b>Community Service Levy</b>	<b>Actual 18 Pay 19</b>	<b>Final 19 Pay 20</b>	<b>Dollar Difference</b>
Comm Svc Levy	\$160,214.60	\$160,214.60	\$0.00
ECFE	\$68,334.12	\$71,552.51	\$3,218.39
Home Visiting	\$1,430.55	\$1,541.82	\$111.27
Disabled	\$5,032.00	\$5,032.00	\$0.00
School-Age Care	\$108,980.75	\$123,765.27	\$14,784.52
Abatement Adj	<u>\$68.67</u>	<u>\$12.87</u>	<u>(\$55.80)</u>
<b>Total Comm Svc Levy</b>	<b>\$344,060.99</b>	<b>\$362,119.07</b>	<b>\$18,058.38</b>

**CHISAGO LAKES SCHOOLS**  
**DEBT SERVICE FUND**  
 Levy Comparison

<b>Debt Service Levy</b>	<b>Actual 18 Pay 19</b>	<b>Final 19 Pay 20</b>	<b>Dollar Difference</b>
Voter Apprv Bonds	\$4,849,485.76	\$5,049,824.81	\$200,339.05
Debt Svc Excess	(\$146,546.79)	(\$180,096.95)	(\$33,550.16)
Abatement Adj	<u>(\$2,403.19)</u>	<u>\$530.69</u>	<u>\$2,933.88</u>
<b>Total Debt Svc Levy</b>	<b>\$4,700,535.78</b>	<b>\$4,870,258.56</b>	<b>\$169,722.77</b>

# Who Levies Property Taxes?

Property taxes are levied by and paid to:

- Counties
- Cities and townships
- School districts
- State
- Various special taxing jurisdictions (e.g., watershed districts, library districts, hospital districts, transit districts, Metropolitan Council, Metropolitan Mosquito Control District)

# Measures of Property Value

## Measures Used for Individual Parcels

### 1. Estimated Market Value (EMV)

- Basic starting point – all other measures of value are based on EMV.
- Equal to the local assessor's estimate of the true market value (fair selling price) of a parcel of property.
- State Dept. of Revenue monitors assessment practices.

## 2. Taxable Market Value (TMV)

➤ For some properties, taxes are calculated based on a value lower than EMV, due to one of several limitations or exclusions:

- Limited Market Value – for homes, cabins and farms, the % increase in TMV is limited from one year to the next.

➤ Other limitations or exclusions:

- “Green Acres”

- For certain agricultural property, taxes may be based on the “agricultural value”.
- May be significantly less than fair market value, particularly for land near urban areas or lakes.

- “This Old House” law

- For homes at least 45 years old.
- Value of certain improvements made before January 2003 are excluded from TMV.

- Other Exclusions

### **3. Referendum Market Value (RMV)**

- Value that is used to calculate operating referendum levies and a few other categories of school district and city taxes
  
- RMV is the same as TMV, except for:
  - Seasonal recreational residential property (cabins) and post-secondary student housing
    - RMV is 0
  
  - Agricultural property – RMV equal to the TMV of the house, garage, and 1 acre of land; RMV of other land and buildings is 0

## 4. Tax Capacity (TC)

### ➤ Very misleading name

- Has nothing to do with capacity to pay taxes or maximum taxes on a parcel of property
- A key figure used to calculate most categories of taxes (those not based on RMV)
- Tax capacity is equal to the TMV of the property multiplied times one or more “class rates” (state-determined percentages)
- Class rates vary among types (or classes) of property and by value



## MINNESOTA CLASSIFICATION RATES FOR TAXES PAYABLE IN 2020

Description	Class Rate
Residential Homestead	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Homestead	
House, Garage & 1 acre	same as above
Remainder of Farm:	
First \$2,050,000	0.50%
Over \$2,050,000	1.00%

Description	Class Rate
Non-Homestead Agricultural	1.00%
Commercial-Industrial	
First \$150,000	1.50%
Over \$150,000	2.00%
Rental Housing – 4 or more units	1.25%
Seasonal-Recreational (Cabins)	
First \$500,000	1.00%
Over \$500,000	1.25%

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

**Step 1.** The **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.) 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 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 Dept. 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.

**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.\*

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

## BASIC FACTS FOR CHISAGO LAKES ISD #2144

SCHOOL YEAR	FORMULA ALLOWANCE	GENERAL RATE
2007-2008	5,074	.0000
2008-2009 thru 2010-2011	5,124	.0000
2011-2012	5,174	.0000
2012-2013	5,224	.0000
2013-2014	5,302	.0000
2014-2015	5,831	.0035
2015-2016	5,948	.0033
2016-2017	6,067	.0030
2017-2018	6,188	.0014
2018-2019	6,312	.0000
2019-2020	6,438	.0000

### SALES RATIO

2007	88.6%	2013	93.5%
2008	93.0%	2014	93.1%
2009	98.4%	2015	95.7%
2010	102.3%	2016	94.2%
2011	100.8%	2017	95.6%
2012	98.7%	2018	94.8%

	Net Tax Capacity	Adjusted Net Tax Capacity	% Increase
2006	21,103,251	26,375,563	
2007	23,162,758	26,375,563	13.3%
2008	23,602,515	26,130,297	-.9%
2009	22,582,028	25,383,884	-2.8%
2010	19,567,677	19,119,089	-16.6%
2010 Before Market Value Exclusion	20,712,135	20,237,556	-4.9%
2011	18,608,932	18,462,876	-3.5%
2012	17,328,930	17,557,273	-4.9%
2013	17,334,179	18,534,661	+5.6%
2014	18,725,642	20,113,972	+7.4%
2015	19,715,312	20,595,475	+4.5%
2016	21,018,415	22,323,083	+6.2%
2017	22,437,312	23,475,730	+5.2%
2018	24,370,154	25,706,263	+9.5%

## 2019 FINAL CHISAGO COUNTY TAX RATE COMPARISONS

Local Taxing District	Final 2018	Final 2019	2018-2019 Difference	Percent Change
Amador Township	35.151	35.739	0.587	1.67%
Chisago Lakes Township	19.987	19.249	-0.738	-3.69%
Fish Lake Township	27.077	32.307	5.230	19.32%
Franconia Township	34.686	32.590	-2.096	-6.04%
Lent Township	24.117	25.352	1.235	5.12%
Nessel Township	17.544	17.030	-0.515	-2.93%
Rushseba Township	21.166	18.033	-3.134	-14.81%
Shafer Township	20.469	18.876	-1.593	-7.78%
Sunrise Township	26.041	23.852	-2.189	-8.41%
City of Center City	37.972	36.634	-1.337	-3.52%
City of Chisago City - Subdistrict A	44.857	43.152	-1.705	-3.80%
City of Chisago City - Subdistrict B	43.513	41.923	-1.589	-3.65%
City of Harris	48.790	49.050	0.260	0.53%
City of Lindstrom	54.594	51.269	-3.325	-6.09%
City of North Branch - Market Value*	0.01913	0.01373	-0.005	-28.22%
City of North Branch	52.982	49.466	-3.516	-6.64%
North Branch EDA/HRA	3.368	3.263	-0.105	-3.12%
City of Rush City	44.524	45.359	0.835	1.87%
City of Shafer	67.812	70.127	2.316	3.41%
City of Stacy	38.760	36.025	-2.734	-7.05%
City of Taylors Falls	67.534	65.983	-1.551	-2.30%
City of Wyoming	48.622	45.719	-2.903	-5.97%
School District #138 (North Branch)	39.215	36.097	-3.118	-7.95%
School District #138 (North Branch) - Market Value*	0.11771	0.10367	-0.014	-11.92%
School District #139 (Rush City)	34.859	32.931	-1.928	-5.53%
School District #139 (Rush City) - Market Value*	0.13263	0.28709	0.154	116.46%
School District #2144 (Chisago Lakes)	29.998	28.193	-1.805	-6.02%
School District #2144 (Chisago Lakes) - Market Value*	0.17190	0.16350	-0.008	-4.88%
School District #314 (Braham)	27.192	28.415	1.224	4.50%
School District #314 (Braham) - Market Value*	0.10475	0.19491	0.090	86.08%
Common School District #323 (Franconia)	0.825	0.759	-0.066	-7.98%
Common School District #323 (Franconia) - Market Value*	0.23324	0.24458	0.011	4.86%
School District #831 (Forest Lake)	26.230	24.856	-1.374	-5.24%
School District #831 (Forest Lake) - Market Value*	0.11395	0.20186	0.088	77.15%
School District #911 (Cambridge-Isanti)	34.018	31.246	-2.772	-8.15%
School District #911 (Cambridge-Isanti) - Market Value*	0.13548	0.12591	-0.010	-7.06%
Comfort Lake - Forest Lake Watershed District	6.192	6.171	-0.021	-0.34%
Lake Improvement District Maintenance	1.750	1.768	0.018	1.05%
East Central Regional Development Comm.	0.217	0.207	-0.010	-4.72%
Chisago County	66.551	65.860	-0.690	-1.04%
Chisago County HRA	0.907	0.832	-0.075	-8.27%
State of Minnesota **	43.865	42.416	-1.449	-3.16%
State of Minnesota ***	20.779	19.962	-0.817	-3.92%

\*These percentages are applied against the market value of the property to determine the market value portion of the tax of the property. All of the other percentages are applied against the tax capacity of the property to determine the tax capacity portion of the tax of the property. value portion of the tax of the property. All of the other percentages are applied against the tax capacity of the property to determine the tax capacity portion of the tax of the property.

\*\* This rate applies to all commercial, industrial, utility and railroad property.

\*\*\* This rate applies to seasonal recreation property at a rate of .40% of the first 76,000 of value and 1% of the value over \$76,000.

## Minnesota Property Tax Refund Information

### A. Minnesota Property Tax Refund.

If your adjusted gross income is less than approximately \$113,150 (2018), you may qualify for the Minnesota Property Tax Refund, also known as the "Circuit Breaker" refund. (If you have dependents, the income limit may be higher.) This program, which has existed since the 1970s, is intended to reduce tax burdens for homeowners with relatively low incomes and relatively high property tax burdens. Some important facts about this program are summarized below:

- Available to all owners of residential homestead and agricultural property with incomes of approximately \$113,150 (2018) or less (higher if you have dependents)
- Refund is a sliding scale, based on your income and your total property tax burden
- The maximum refund is \$2,770.
- To determine eligibility and refund amounts, complete Minnesota tax form M1PR (available online at).

### B. Special Property Tax Refund

You may qualify for a special property tax refund. The refund is 60% of the amount of tax paid that exceeds the 12% increase up to \$1000. **There is no income limit for this refund.** The maximum refund is \$1000. To determine eligibility and refund amounts complete Minnesota tax form M1PR (available online at [www.revenue.state.mn.us](http://www.revenue.state.mn.us)).

### **C. Deductibility of Property Taxes for State and Federal Income Taxes**

If you itemize deductions for federal income taxes, you may deduct all property taxes paid. Therefore, any increase in property taxes will reduce your income tax liability.

### **D. Senior Citizen Property Tax Deferral**

If you are 65 years or older and have a household income of \$60,000 or less, you may be eligible to defer a portion of the property taxes on your home, through the Senior Citizen Property Tax Deferral Program. Some basic facts about this program are summarized below:

- The amount of property tax you pay each year will be based on your income the year before you enter the program.
- This is loan from the state to you.
- The additional taxes are not forgiven, but are deferred. The State will charge interest of up to 5% per year on all deferred taxes, and will attach a lien to your property.
- The accumulated deferred taxes (plus interest charges and filing fees) will need to be paid if the property is sold or transferred, the homeowners die, the property no longer qualifies as a homestead, or the homeowner voluntarily withdraws from the program.

For more information on this program and a form from the MN Department of Revenue, visit...

[http://www.revenue.state.mn.us/Forms\\_and\\_Instructions/crscd.pdf](http://www.revenue.state.mn.us/Forms_and_Instructions/crscd.pdf)