

**PRELIMINARY INFORMATION - FOR DISCUSSION ONLY**

**Glencoe-Silver Lake School District No. 2859**

**July 23, 2019**

**Estimated Tax Impact of Ag Credit Legislative Changes 2019**

**School Building Bond Agriculture Tax Credit:** This property tax credit originated in the 2017 tax bill and took effect with property taxes payable in 2018. The credit reduced taxes for owners of agricultural property in an amount equivalent to 40% of the taxes attributable to school district debt service for all agricultural property, except for the house, garage, and one acre. This credit is directly deducted from property taxes owed and applies to debt service levies for all types of existing and future bonds (except OPEB). This year, the Legislature increased the credit in a phased-in approach, and it will ultimately grow from 40% to a 70% credit. The credit is 50% for property taxes payable in 2020, 55% for taxes payable in 2021, 60% for taxes payable in 2022, and for taxes payable 2023 and later the credit is 70%. The credit is paid through an open and standing appropriation, which means that no action by the Legislature is required each year for this credit to be paid from the state general fund.

<b>Taxes Payable in:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 - Future</b>
<b>Ag Credit</b>	<b>40%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>70%</b>
<b>Total Estimated Debt Service Levy</b>	\$1,462,690	\$1,615,990	\$1,614,992	\$1,613,260	\$1,616,147
<b>Estimated Ag Credit</b>	209,059	288,713	317,388	345,870	404,237
<b>Estimated Credit as a Percent of Total Debt Service Levy</b>	14.29%	17.87%	19.65%	21.44%	25.01%

<b>Type of Property</b>	<b>Estimated Market Value</b>	<b>Estimated Annual Taxes on Agricultural Property</b>				
Agricultural Homestead * (dollars per acre)	\$4,000	\$1.19	\$1.09	\$0.98	\$0.87	\$0.66
	5,000	1.48	1.37	1.23	1.09	0.82
	6,000	1.78	1.64	1.47	1.31	0.98
	7,000	2.08	1.91	1.72	1.53	1.15
	8,000	2.37	2.18	1.96	1.74	1.31
Agricultural Non-Homestead * (dollars per acre)	\$4,000	\$2.37	\$2.18	\$1.96	\$1.74	\$1.31
	5,000	2.97	2.73	2.46	2.18	1.64
	6,000	3.56	3.28	2.95	2.62	1.97
	7,000	4.15	3.82	3.44	3.05	2.29
	8,000	4.75	4.37	3.93	3.49	2.62

\* Average value per acre is the total estimated market value of all agricultural land & buildings (excluding the house, garage, and one acre of land) divided by total acres.