

PUBLIC HEARING **2016-17 BUDGET** **AND PROPOSED 2017** **PROPERTY TAXES**

Staples-Motley ISD 2170

**Information on Changes
to School Property Taxes**

December 2016

Factors Affecting Proposed Taxes

- The Big Picture
- Reading your Proposed Tax Statements
- Market and State Factors Affecting Proposed Taxes
- School District Factors Affecting Proposed Taxes
- Questions

The Big Picture

- ❑ Establish overall tax policy for state.
- ❑ Sole authority to create levy options for school districts.
- ❑ Controls school levy parameters including amount of state aid and tax bases used for levies.

State Legislature and Governor's Administration



School Board's Fit in Big Picture

- ❑ Participate in state education programs for district's children, financed entirely by levies or combination of levy and state aid.
- ❑ Ask voters to approve referendums for general operations and major capital projects.

School Boards

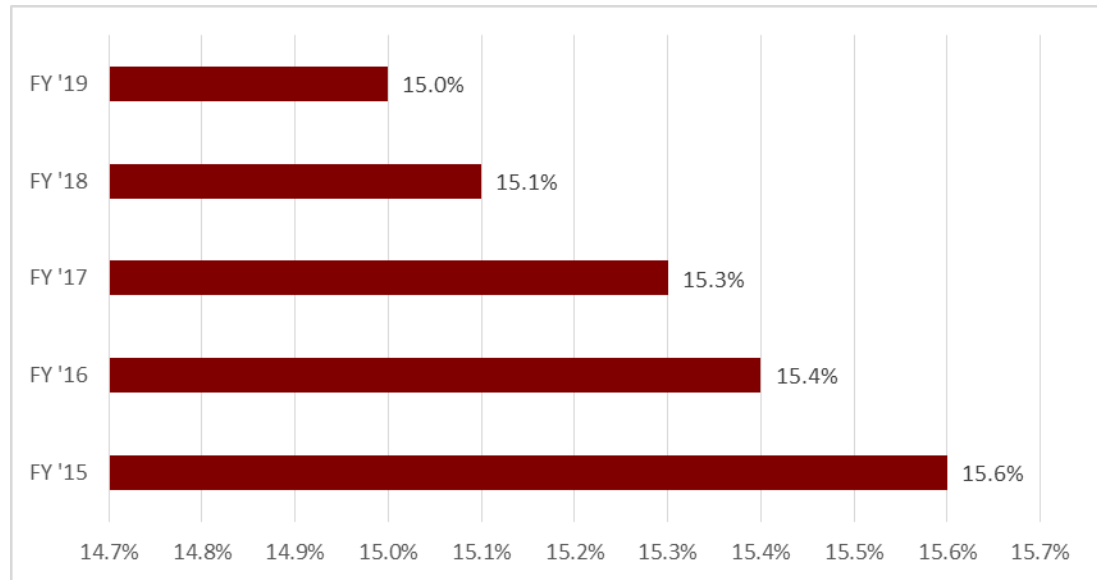


Taxes Decline as Percent of Statewide Personal Income

- ❑ Total Revenue by Minnesota's state and local governments as percentage of total personal income of MN residents.
- ❑ Current trends predicted to decline in FY '18 & FY '19

Minnesota's Price of Government

State and Local Revenues as % of MN Personal Income

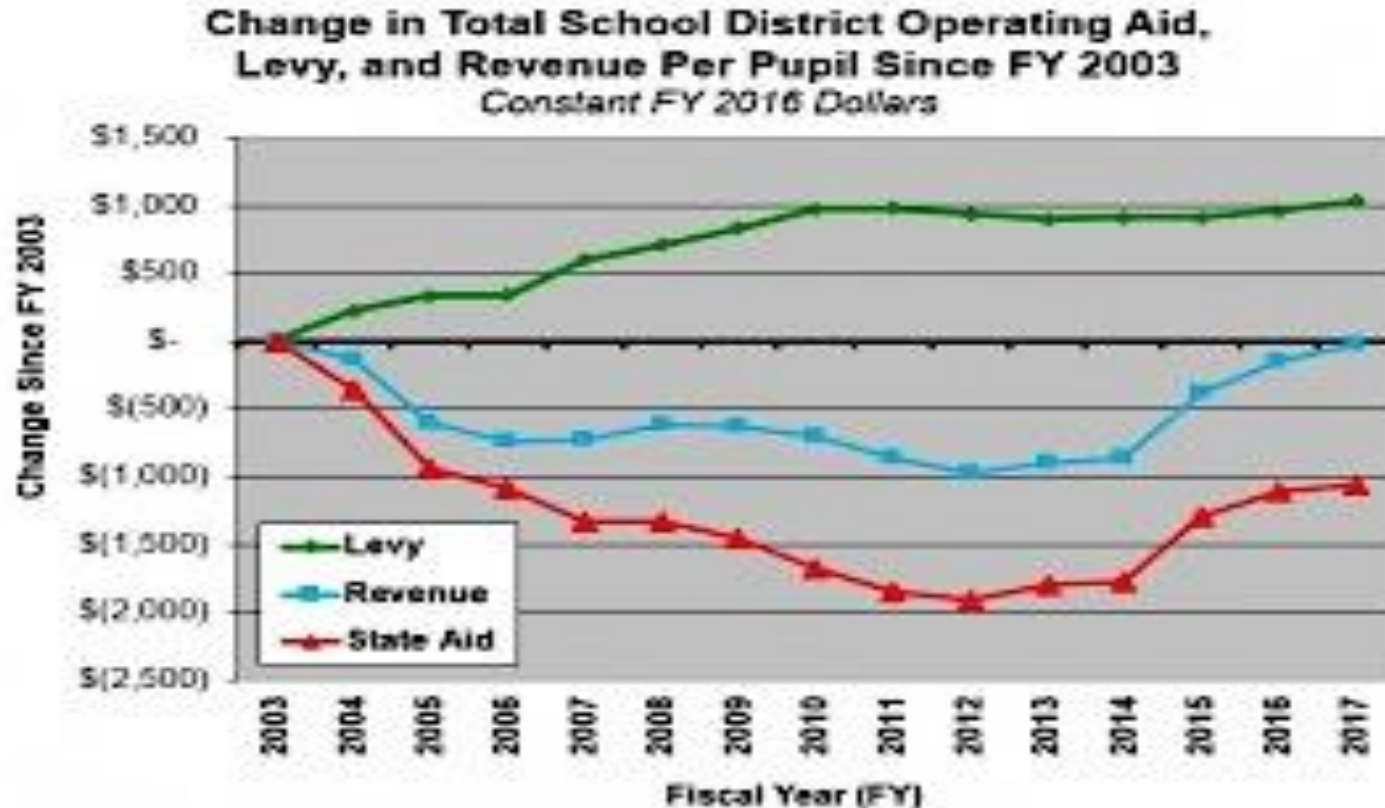


(Data source, MN Department of Management and Budget, 2016)

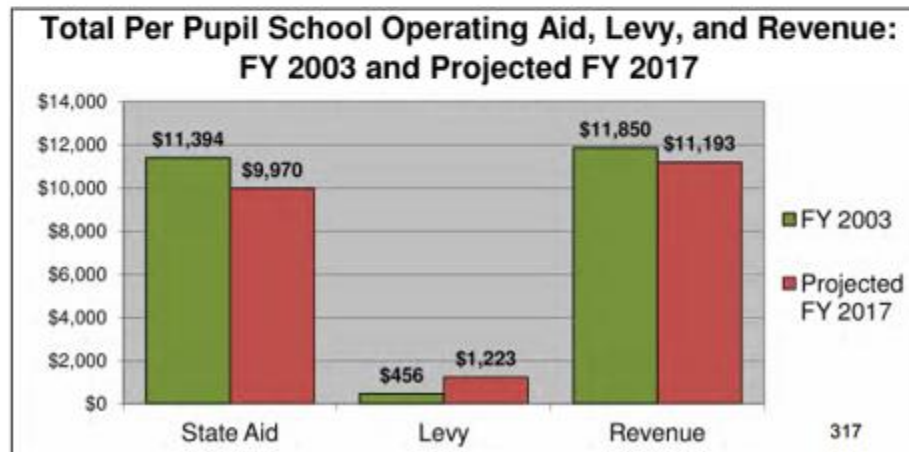
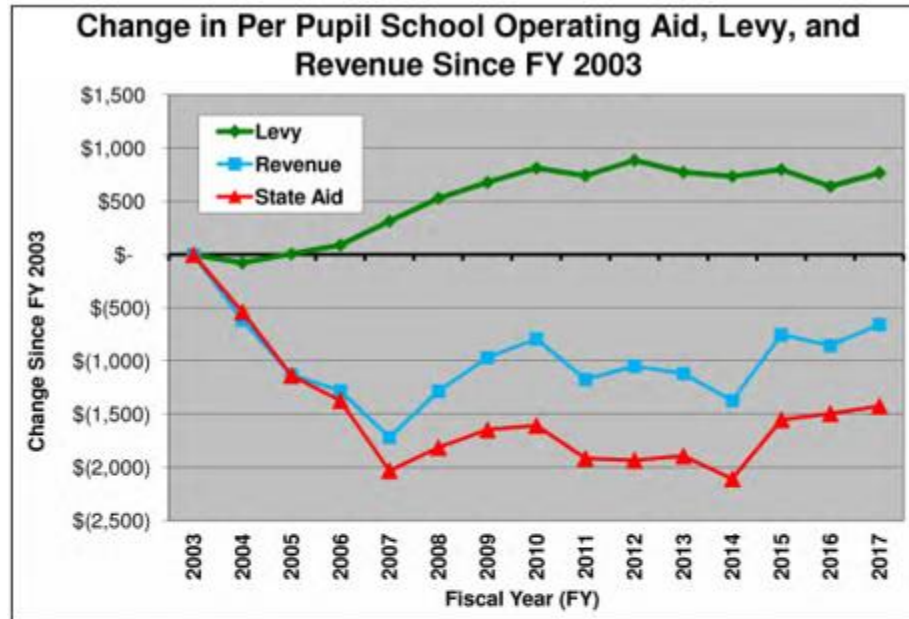
Basic Education Formula & Equalization

- ❑ MN Supreme Court in 1993 upheld Minnesota Constitution that created fundamental right to “general and uniform system of education”; required State funding to ensure each student receives adequate education.
- ❑ Since 2003 and Governor Ventura’s “Big Plan,” Minnesota has provided basic level of school funding in two fundamental ways:
 - ❑ Providing 100% of basic education formula
 - ❑ Using equalization factors for various property tax-supported formulas intended to equalize “tax effort” required of residents to provide basic education for children in community regardless of wealth of community -- defined as “tax capacity per student.”
- ❑ *Should work in principle* -- except since 2003 neither basic formula nor equalization factors kept up with inflation and market values.

Formula Lost \$1,061 in Buying Power Levy Increase Avg. \$1,031 per Pupil



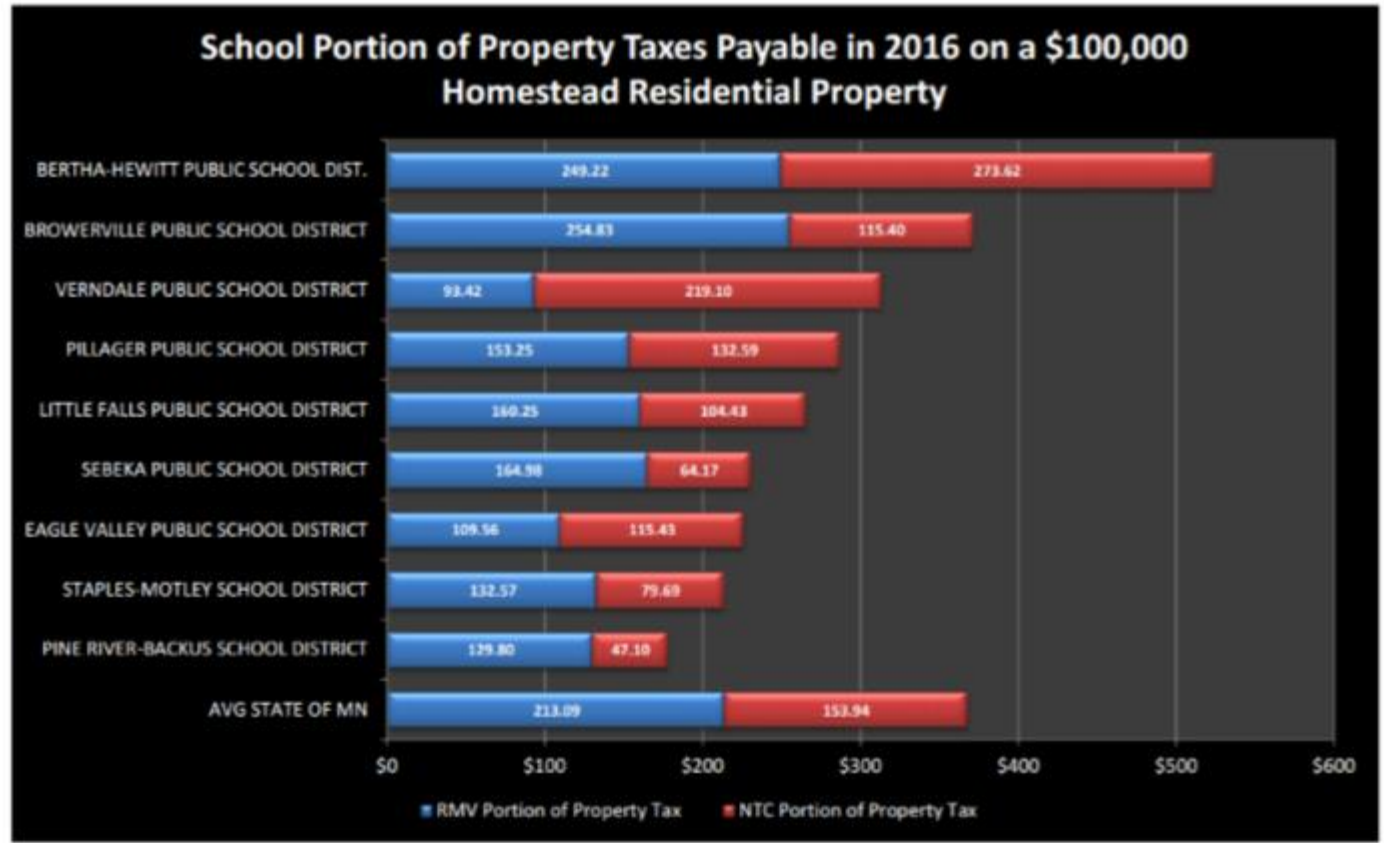
Staples-Motley's Funding History



District # District Name
 2170 STAPLES-MOTLEY SCHOOL DISTRICT



PAY 2016 SCHOOL DISTRICT NEIGHBOR COMPARISON GRAPH



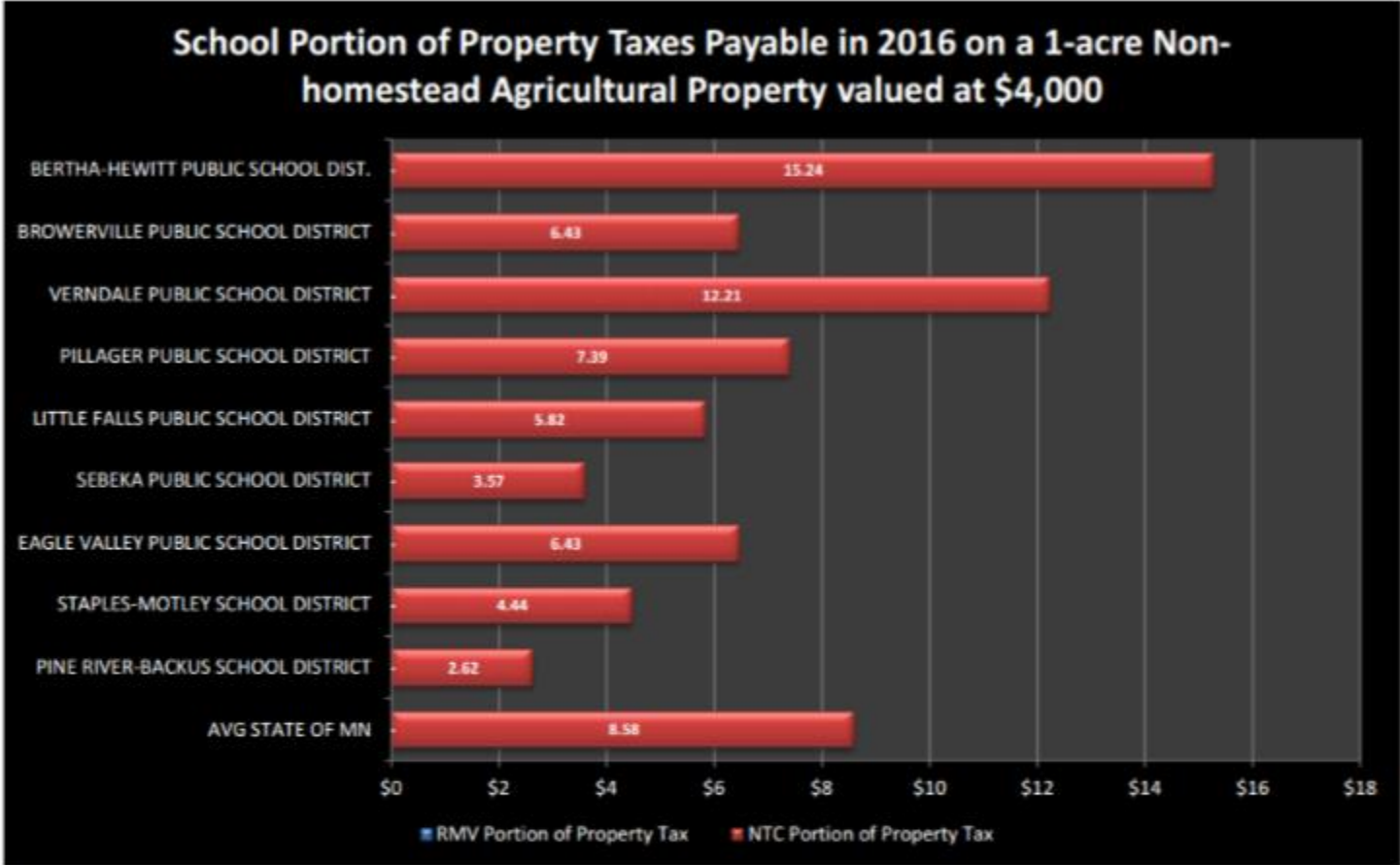
Enter District # Below	District Name	RMV Rate	NTC Rate	RMV Portion of Property Tax	NTC Portion of Property Tax	Total Property Tax*
	AVG STATE OF MN	0.21309%	21.441%	213.09	153.94	367.03
2174	PINE RIVER-BACKUS SCHOOL DISTRICT	0.12980%	6.560%	129.80	47.10	176.90
2170	STAPLES-MOTLEY SCHOOL DISTRICT	0.13257%	11.099%	132.57	79.69	212.26
2759	EAGLE VALLEY PUBLIC SCHOOL DISTRICT	0.10956%	16.077%	109.56	115.43	224.99
820	SEBEKA PUBLIC SCHOOL DISTRICT	0.16498%	8.937%	164.98	64.17	229.15
482	LITTLE FALLS PUBLIC SCHOOL DISTRICT	0.16025%	14.544%	160.25	104.43	264.68
116	PILLAGER PUBLIC SCHOOL DISTRICT	0.15325%	18.467%	153.25	132.59	285.84
818	VERNDALE PUBLIC SCHOOL DISTRICT	0.09342%	30.516%	93.42	219.10	312.52
787	BROWERVILLE PUBLIC SCHOOL DISTRICT	0.25483%	16.073%	254.83	115.40	370.23



District # District Name
 2170 STAPLES-MOTLEY SCHOOL DISTRICT



PAY 2016 SCHOOL DISTRICT NEIGHBOR COMPARISON GRAPH



Enter District # Below	District Name	RMV Rate	NTC Rate	RMV Portion of Property Tax	NTC Portion of Total Property Tax	Total Property Tax*
	AVG STATE OF MN	0.21309%	21.441%	-	8.58	8.58
2174	PINE RIVER-BACKUS SCHOOL DISTRICT	0.12980%	6.560%	-	2.62	2.62
2170	STAPLES-MOTLEY SCHOOL DISTRICT	0.13257%	11.099%	-	4.44	4.44
2759	EAGLE VALLEY PUBLIC SCHOOL DISTRICT	0.10956%	16.077%	-	6.43	6.43
820	SEBEKA PUBLIC SCHOOL DISTRICT	0.16498%	8.937%	-	3.57	3.57
482	LITTLE FALLS PUBLIC SCHOOL DISTRICT	0.16025%	14.544%	-	5.82	5.82



Reading Your Tax Bill

- ❑ Change in value to property has a large impact.
- ❑ Amount of state equalization aid depends on district property wealth per pupil.
- ❑ As pupil counts decline, district's wealth per pupil increases, reducing state aid.

Property Values

Our Proposed Property Tax for 2014
- THIS IS NOT A BILL - DO NOT PAY -
IMPORTANT INFORMATION IS PRINTED ON THE BACK OF THIS FORM

Property ID: 13-014-2202 Taxpayer # 68096

Step	Taxes Payable Year	2013	2014
1	Estimated Mkt Value:	286,200	362,100
	Homestead Exclusion:		
	Other Exclusion/Def:		
	Taxable Mkt Value:	286,200	362,100
	Property Class:	AGRI NON-HSTD	AGRI NON-HSTD

PROPOSED TAX

Step	Taxes Payable Year	2013	2014
2			3,542.00

PROPERTY TAX STATEMENT
Will be mailed to you in Spring of 2014

Taxes by Jurisdiction for Your Property

Information	Actual 2013	Proposed 2014
2013	1,830.08	2,225.69

Follow arrows for 26% increase in Ag Land Value

What happened to your valuation?

What type of property do you own?

- ❑ Key to unpacking property taxes is understanding property classifications
- ❑ Property classification and market value
- ❑ Sent Spring 2016; cannot change now
- ❑ Watch for 2017 statement THIS SPRING and where to appeal

Property Tax Classifications

Our Proposed Property Tax
- THIS IS NOT A BILL - DO NOT
IMPORTANT INFORMATION IS PRINTED ON THE BACK

Property ID: 13-014 2202 Taxpayer #

Step	Taxes Payable Year	2013
1	Estimated Mkt Value:	286,200
	Homestead Exclusion:	
	Other Exclusion/Del:	
	Taxable Mkt Value:	286,200
	Property Class:	AGRI NON-H/LL

Step 2 PROPOSED TAX

Step 3 PROPERTY TAX Will be mailed to you

ings by Jurisdiction for Your Propo

Information Actual 2013

How is your property classified?

Market and State Factors Affecting Taxes

- ❑ Market values of property tax classifications trending in different directions statewide.
- ❑ What is happening statewide to your property tax classification?
- ❑ Is that your experience?

Market Value Trends 07-16

Classification	10-Yr. Increases in Statewide Market Value 2007-2016	1-Yr. Change 2015-2016
Farms	141%	(-3.5%)
Seasonal Rec Residential	31%	3%
Commercial and Industrial	16%	5%
Apartments	37%	13%
Public Utilities	63%	9%
Residential Homes	(-0.3%)*	4%

*Includes effects of Homestead Exclusion

(Source: MN Dept. of Revenue)

Long Term Facility Maintenance (LTFM) May Affect School Property Taxes for Pay '17

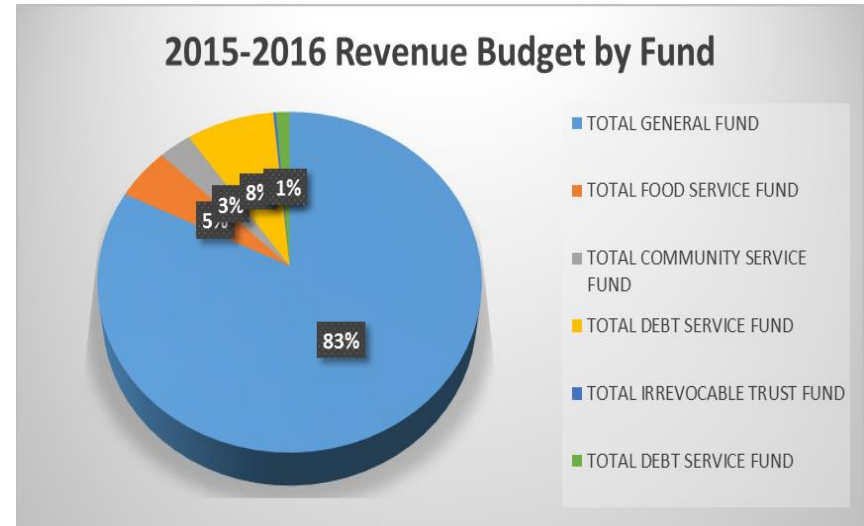
- ❑ Long Term Facility Maintenance (LTFM) passed in 2015. Allows all districts statewide opportunity to generate facility maintenance funds
- ❑ Before LTFM, largest 25 school districts invested \$2.79/SF in maintenance. Districts like ours were capped at \$0.58 -- 5 times less
- ❑ School Board and MDE approved 10-year facility maintenance plan which includes following maintenance projects for 2017:
 - ❑ Project 1 — Health and Safety - \$117,975
 - ❑ Project 2 — Deferred Capital Expenditures & Maintenance - \$122,000

2015-2016

Staples Motley Revenues by Budget Fund

Detail provided in handout page 2

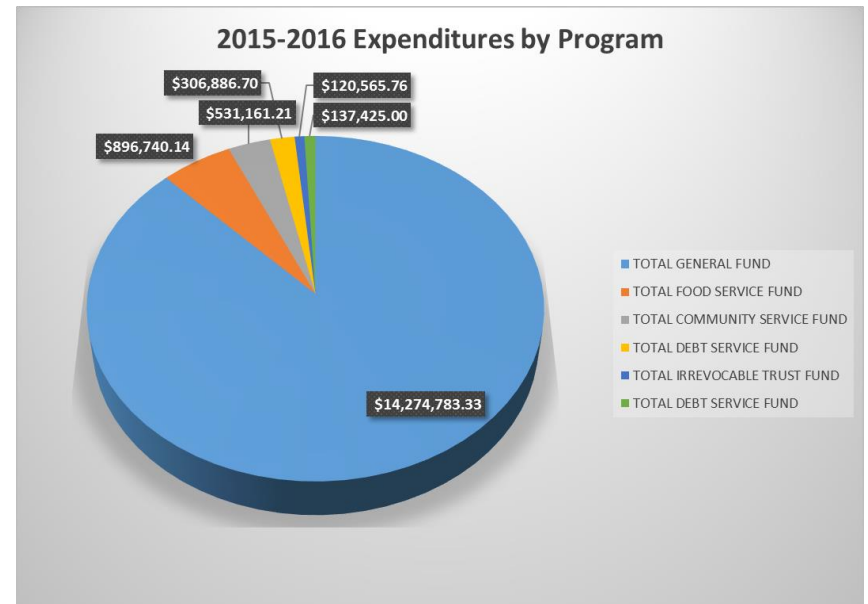
	2015-16
TOTAL GENERAL FUND	\$ 14,293,214.12
TOTAL FOOD SERVICE FUND	\$ 874,269.06
TOTAL COMMUNITY SERVICE	\$ 529,942.93
TOTAL DEBT SERVICE FUND	\$ 1,409,397.56
TOTAL IRREVOCABLE TRUST F	\$ 42,036.29
TOTAL DEBT SERVICE FUND	\$ 217,781.46
TOTAL ALL FUNDS	\$ 17,366,641.42



2015-2016 Staples Motley Expenditure Budget by Fund

Detail provided in handout page 3 & 4

	2015-2016
TOTAL GENERAL FUND	\$ 14,274,783.33
TOTAL FOOD SERVICE FUND	\$ 896,740.14
TOTAL COMMUNITY SERVICE FUND	\$ 531,161.21
TOTAL DEBT SERVICE FUND	\$ 306,886.70
TOTAL IRREVOCABLE TRUST FUND	\$ 120,565.76
TOTAL DEBT SERVICE FUND	\$ 137,425.00
TOTAL ALL FUNDS	\$ 16,267,562.14



Staples Motley

2016-2017 Revenue and Expenditure Budget

Detail provided in handout pages 2 - 4

2016-2017	REVENUES	EXPENDITURES
TOTAL GENERAL FUND	\$ 13,890,430.00	\$ 14,157,385.00
TOTAL FOOD SERVICE FUND	\$ 859,512.00	\$ 891,993.00
TOTAL COMMUNITY SERVICE FUND	\$ 494,227.00	\$ 462,390.00
TOTAL DEBT SERVICE FUND	\$ 198,202.00	\$ 203,583.00
TOTAL IRREVOCABLE TRUST FUND	\$ 30,000.00	\$ 115,600.00
TOTAL OPEB DEBT SERVICE FUND	\$ 148,070.00	\$ 137,425.00
TOTAL ALL FUNDS	\$ 15,620,441.00	\$ 15,968,376.00

Staples-Motley Proposed Levy Vs. Levy Options Summary

Detail provided in handout page 1

STAPLES-MOTLEY INDEPENDENT SCHOOL DISTRICT
#2170

Levy Category	9/28/16 Proposed Levy - Payable in 2017	Option #1	Option #2	Option #3	Option #4
GENERAL FUND					
Total General Fund	1,423,674.85	1,353,674.85	1,344,882.19	1,321,882.19	1,307,733.69
COMMUNITY SERVICE FUND					
Total Community Service Fund	123,018.60	123,018.60	123,018.60	123,018.60	123,018.60
DEBT SERVICE FUND					
Total Debt Service Fund	343,759.47	343,759.47	343,759.47	343,759.47	343,759.47
Total Levy	1,890,452.92	1,820,452.92	1,811,660.26	1,788,660.26	1,774,511.76
Increase/Decrease from Prior Year	11.82%	7.68%	7.16%	5.80%	4.97%
	1,890,452.92	1,890,452.92	1,890,452.92	1,890,452.92	1,890,452.92
Amount of underlevy	-	(70,000.00)	(78,792.66)	(101,792.66)	(115,941.16)

Summary: Details Matter for Individual Taxes

- ❑ Individual property value and classification
 - ❑ 4% increase in District's property market value
- ❑ Other changes specific to Staples-Motley
 - ❑ Increase in General Fund Levy includes a Long Term Facilities Revenue increase
- ❑ The Board has reviewed options for the 2016 Pay 2017 Tax Levy and tonight will be making the decision for the Levy amount.
- ❑ Questions or further discussion at this time?

Thank you