



Operating Referendum & Capital Project Levy Background & Election Information

West Central Area Schools, ISD No. 2342

November 7, 2023 - Election

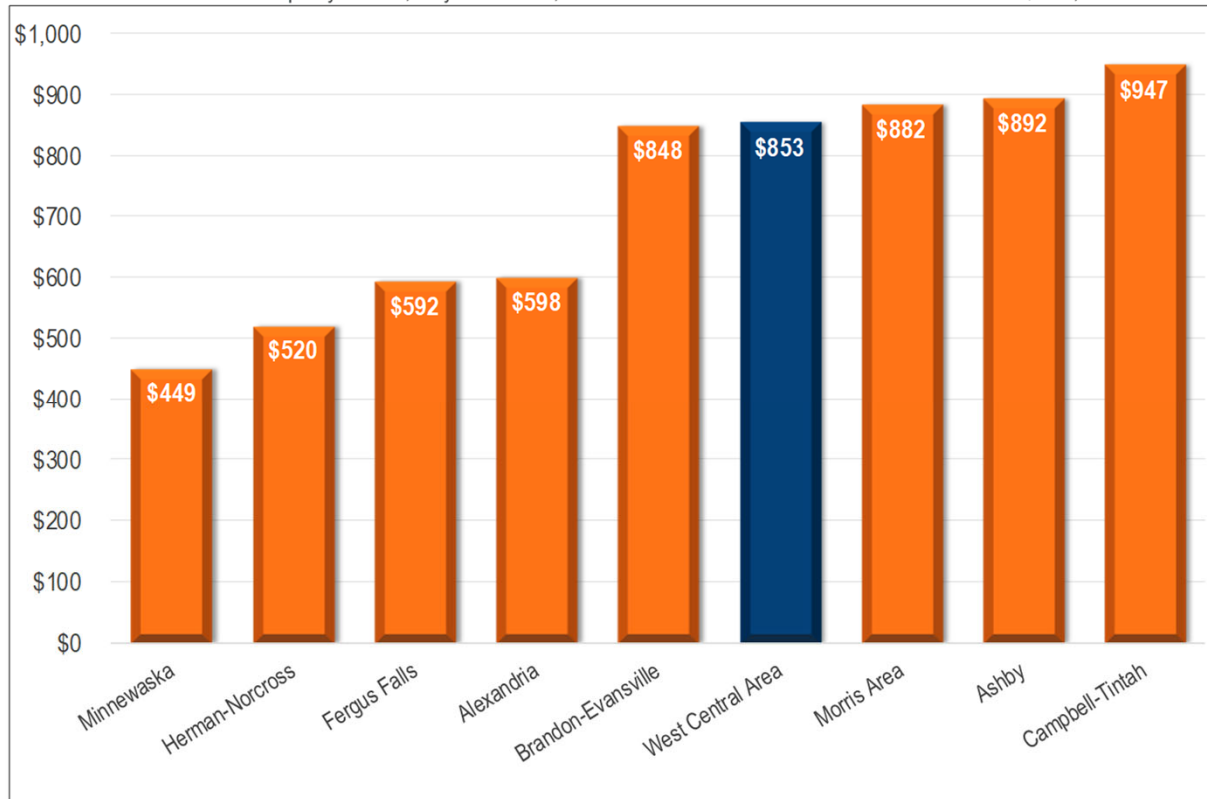
Tax Base by Property Type

Assessment Year 2022 (Taxes Payable 2023) Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Residential Homestead	245,888,805	14.8%	242,295,481	59.7%	2,146,114	14.7%
Other Residential	46,729,500	2.8%	46,706,700	11.5%	497,724	3.4%
Commercial / Industrial	58,957,400	3.6%	58,957,400	14.5%	1,100,184	7.6%
Non Qualifying Agricultural	58,562,534	3.5%	57,187,197	14.1%	518,119	3.6%
Qualifying Agriculture	1,190,843,888	71.9%	-	0.0%	9,750,071	67.0%
Seasonal Recreational	55,265,300	3.3%	829,500	0.2%	555,707	3.8%
TIF & FD					-17,882	-0.1%
*Totals include TIF & Fiscal Disparities adjustments			- Operating Referendum - Local Optional Revenue - Equity and Transition 73% of Total Levy		All other school taxes including bonds and capital project levy 27% of Total Levy	

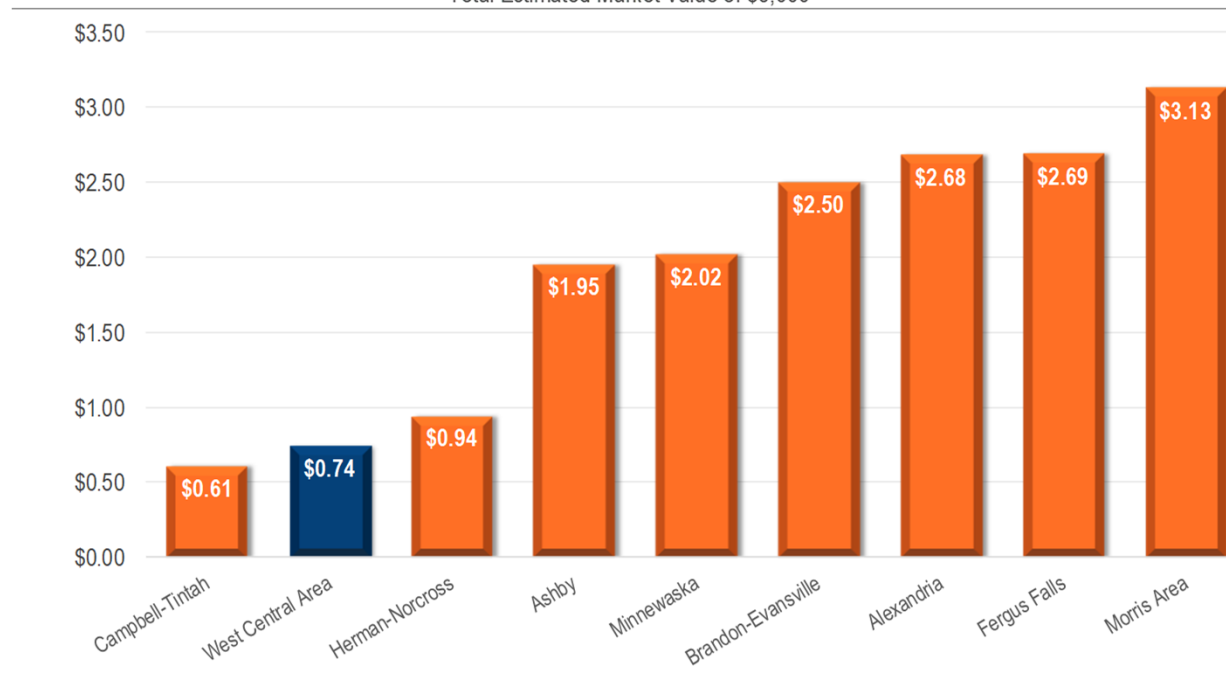
Total School Tax Comparison

Total School Property Taxes, Payable 2023, on a Home with an Estimated Market Value of \$200,000



Total School Property Tax Comparison-Ag Homestead Acre

Total School Property Taxes Payable 2023 on One Acre of Ag Homestead Property with
Total Estimated Market Value of \$5,000



Source: Pay 2023 School Tax Report

Note: Includes 70% reduction on debt service levies for School Building Bond Agricultural Credit

Reliance on Referendums

Since 2002-03, state General Education Revenue formula has not kept pace with inflation

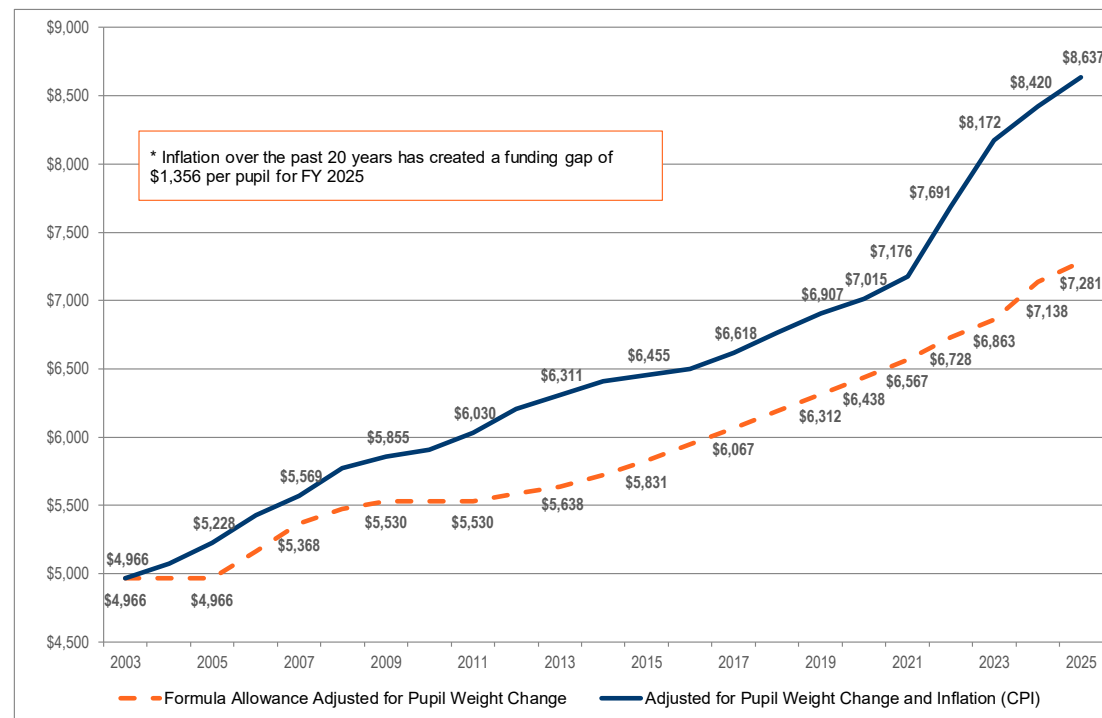
If allowance increased with inflation each year, it would be \$1,356 higher, or \$8,637 for Fiscal Year 2024-25

Legislature approved 4.0% (\$275 per pupil) increase for Fiscal Year 2023-24; 2.0% (\$143 per pupil) increase for Fiscal Year 2024-25; benchmarked to inflation (within bounds) for future years

General Education Formula Allowance

Impact of Inflation on MN School District Funding

General Education Formula Allowance, 2003-2025



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

Reliance on Referendums

- Other funding sources (e.g., special education) also have not kept pace with inflation or costs of providing services
- Only options for districts to bridge funding gap are to cut budgets or request operating referendum and/or capital project levy revenue authority from voters; most districts have done both

Operating Referendum

November election ballot question, stated per pupil, estimated cap for Taxes Payable 2024 / Fiscal Year 2024-25 is \$2,202.89
(no cap for sparsity districts)

Allows districts to generate additional general education revenue

Revenue can be a combination of local property tax levies & state aid

Annual levy, maximum length of 10 years

Taxes spread on Referendum Market Value
(most property types pay same taxes per dollar of property value)

Revenue may be used for any operating or capital expenses
(e.g. staff salaries & benefits, utilities, supplies, technology)

Current Operating Referendum Provisions

- Tax levies spread on Referendum Market Value (RMV)
 - ✓ Property taxes are not levied on:
 - Seasonal recreational property (cabins)
 - Agricultural land & buildings (only levied on house, garage & 1 acre)
 - ✓ Almost all other property pays same tax per dollar of market value
- Most other school levies are spread on Net Tax Capacity (NTC)
- Operating referendum revenue amounts can qualify for state equalization aid (dependent on District's RMV per resident pupil)

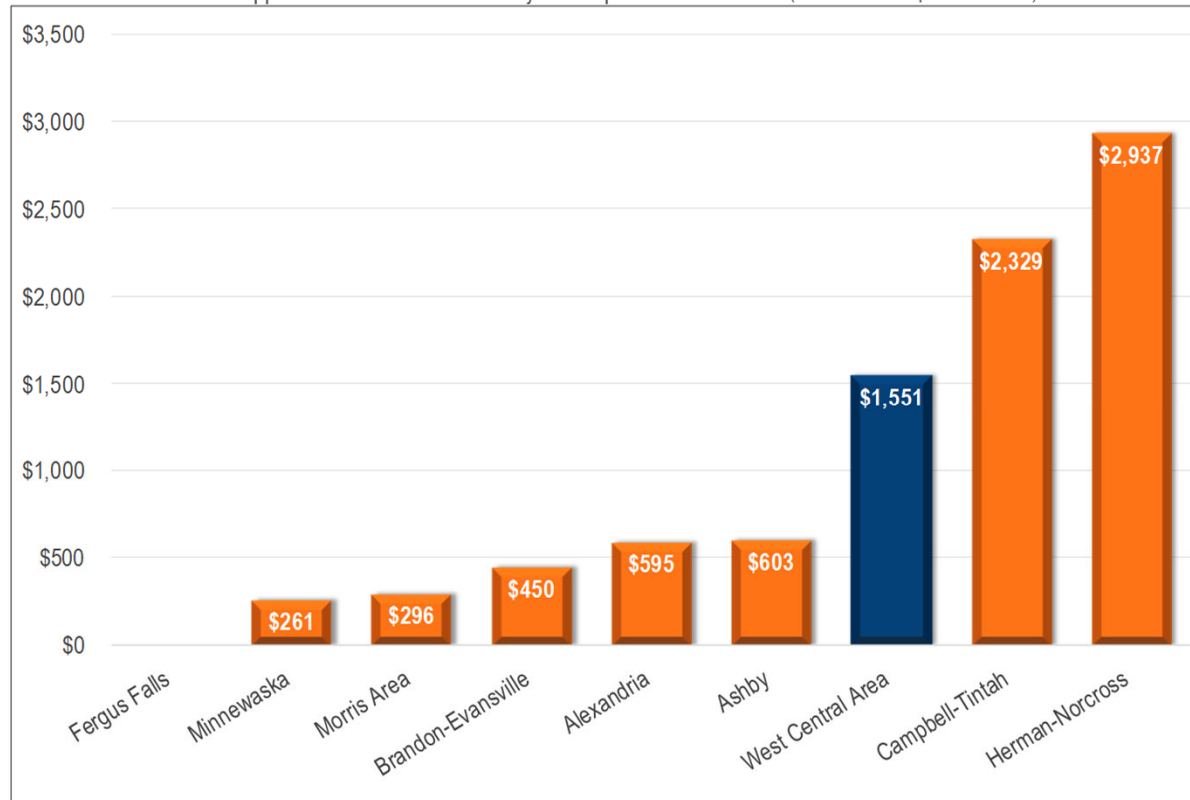


Current West Central Operating Referendum

- Current authority was approved by voters in November 2018
 - ✓ Started with taxes payable in 2020 for five years
 - ✓ Current authority is set to expire after taxes payable in 2024
 - ✓ Currently generates about \$1.3 million in annual revenue

Operating Referendum Allowance Comparison

Voter Approved Referendum Authority Per Pupil Unit FY 2023-24 (Excludes Local Optional Revenue)



Capital Project Levy Referendum

Election ballot question,
stated tax rate

Allows districts to generate
additional revenue for
technology and capital
projects

Revenue provided through
local property tax levies

Annual levy, maximum
length of 10 years

Taxes spread on Net Tax
Capacity

(All taxpayers pay, but may pay
different amounts based on the type
of property)

Revenue may be used for
items consistent with the
ballot language

Ballot Information – Question #1

School District Question 1 Renewal of Expiring School District Referendum Revenue Authorization

The school board of Independent School District No. 2342 (West Central Area Schools) has proposed to renew its existing referendum revenue authorization of \$1,551 per pupil which is scheduled to expire after taxes payable in 2024. The proposed referendum revenue authorization would be applicable for ten years beginning with taxes payable in 2025, and increase each year by the rate of inflation beginning with taxes payable in 2026, unless otherwise revoked or reduced as provided by law.

☐

Yes

Shall the increase in the revenue proposed by the school board of Independent School District No. 2342 be approved?

☐

No

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
ARE VOTING FOR A PROPERTY TAX INCREASE.**

Ballot Information – Question #2

School District Question 2 Approval of Capital Project Levy Authorization for Technology

The school board of Independent School District No. 2342 (West Central Area Schools) has proposed a capital project levy authorization of 2.082% times the net tax capacity of the school district. The additional revenue from the proposed capital project levy authorization will be used to provide funds for school district technology, including the acquisition, installation, replacement, support and maintenance of software, software licenses, computers, improved technology equipment, networks, infrastructure, technology systems related to security and operations, and to pay the costs of technology related personnel and training. The proposed capital project levy authorization will raise approximately \$300,000 for taxes payable in 2024, the first year it is to be levied, and would be authorized for ten years. The estimated total cost of the projects to be funded over that time period is approximately \$3,000,000.

☐

Yes

Shall the capital project levy authorization proposed by the school board of Independent School District No. 2342 be approved?

☐

No

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
ARE VOTING FOR A PROPERTY TAX INCREASE.**

Estimated Tax Impact – Residential & C/I

		Question 1			Question 2
		Expiring Authority	Renewed Authority	Net Change	New Authority
Year Taxes Payable		2024	2025	2025	2024
Operating Referendum Revenue Per Pupil		-\$1,551.00	\$1,551.00	\$0.00	
Capital Project Levy Rate					2.082%
Estimated Annual Change in Revenue		-\$1,249,486	\$1,238,629	-\$10,857	\$300,000
Type of Property	Estimated Market Value	Estimated Annual Change in Taxes for Operating Referendum *			Estimated Annual Taxes for Capital Project Levy *
Residential Homestead or Ag- House, Garage and One Acre	\$50,000	-\$125	\$125	\$0	\$5
	100,000	-250	250	0	13
	150,000	-374	374	0	22
	175,000	-437	437	0	27
	200,000	-499	499	0	32
	250,000	-624	624	0	41
	500,000	-1,248	1,248	0	88
Commercial/ Industrial	\$50,000	-\$125	\$125	\$0	\$13
	100,000	-250	250	0	26
	250,000	-624	624	0	75
	500,000	-1,248	1,248	0	163

Estimated Tax Impact – Ag Properties

	Question 1			Question 2
	Expiring Authority	Renewed Authority	Net Change	New Authority
Year Taxes Payable	2024	2025	2025	2024
Operating Referendum Revenue Per Pupil	-\$1,551.00	\$1,551.00	\$0.00	
Capital Project Levy Rate				2.082%
Estimated Annual Change in Revenue	-\$1,249,486	\$1,238,629	-\$10,857	\$300,000

Type of Property	Estimated Market Value	Estimated Annual Change in Taxes for Operating Referendum *			Estimated Annual Taxes for Capital Project Levy *
Agricultural	\$2,000	\$0.00	\$0.00	\$0.00	\$0.18
Homestead **	3,000	0.00	0.00	0.00	0.26
(average value per acre	4,000	0.00	0.00	0.00	0.35
of land & buildings)	5,000	0.00	0.00	0.00	0.44
	6,000	0.00	0.00	0.00	0.53
Agricultural	\$2,000	\$0.00	\$0.00	\$0.00	\$0.35
Non-Homestead **	3,000	0.00	0.00	0.00	0.53
(average value per acre	4,000	0.00	0.00	0.00	0.71
of land & buildings)	5,000	0.00	0.00	0.00	0.88
	6,000	0.00	0.00	0.00	1.06

State Property Tax Refunds & Deferral

- State of Minnesota has two tax refund programs & one tax deferral program available for owners of homestead property
- Programs may reduce net tax burden for local taxpayers, when property owners complete & submit forms
- For help with forms & instructions
 - ✓ Consult your tax professional, or
 - ✓ Visit Department of Revenue web site at www.revenue.state.mn.us

State Property Tax Refunds & Deferral

Homestead Credit Refund

- Available for all homestead property, both residential & agricultural - house, garage & one acre (HGA) only
- Refund is sliding scale, based on total property taxes & income (maximum refund is \$3,140 for homeowners & \$2,440 for renters)

Special Property Tax Refund

- Available for all homestead property, both residential & agricultural (HGA only) with a gross tax increase of at least 6% & \$100 over prior year
- Refund is 60% of tax increase that exceeds greater of 6% or \$100 (max \$2,500)

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Thank you!

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