

Gopherville School District Public Hearing for Taxes Payable in 2012

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WELCOME

December 6, 2011

Presented by:

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Director of Business Services

Tax Hearing Presentation

- State law requires that we present information on the current year budget and actual revenue and expenses for the prior year
- State law also requires that we present information on the proposed property tax levy, including:
 - The percentage increase over the prior year
 - Specific purposes and reasons for which taxes are being increased
- District must also allow for public comments

Agenda for Hearing

- A. Background on School Funding, Property Tax Levies, and Budgets
- B. Information on District Budget
- C. Explanation of 2011 legislation to convert homestead credit to homestead exclusion
- D. Information on the District's Proposed Tax Levy for Taxes Payable in 2012
- E. Public Comments and Questions

Public Education is Strong in Minnesota...

- In Minnesota, the most commonly taken standardized college entrance exam is the ACT. Seventy-two percent of Minnesota high school graduates in 2011 took the assessment.
- Minnesota's average composite score of 22.9 was the highest in the nation among the 27 states in which more than half the college-bound students took the test in 2011. Minnesota has led the nation in average composite ACT scores for five consecutive years. The national composite score was 21.1.

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.”

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
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by the voters)
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval

State Funding for Schools Has Not Kept Pace with Inflation

- Increases in basic general education revenue per pupil have been less than inflation
 - Per-pupil revenue for fiscal year 2012-13 is projected to be **\$314 below** the 2004-05 inflation adjusted amount
- For Fiscal 2012 and 2013, basic per-pupil funding is projected to increase by less than 1% per year, while most districts' expenses will likely increase, without budget cuts, by at least 2-3% annually.

Trends in General Education Formula Allowance for Minnesota School Districts, 2004-05 through 2012-13

Adjusted for Inflation

Fiscal Year	Formula Allowance	CPI-U (2009=1.0) *	Formula Allowance in 2013 \$s	Change Since 2004-05	Formula Allow. if Adjusted for Annual Inflation	Annual Funding Shortfall
2004-05	4,601	0.8929	5,538	0	4,601	0
2005-06	4,783	0.9268	5,546	8	4,776	-7
2006-07	4,974	0.9511	5,620	82	4,901	-73
2007-08	5,074	0.9860	5,530	-8	5,081	7
2008-09	5,124	1.0000	5,507	-31	5,153	29
2009-10	5,124	1.0093	5,456	-82	5,201	77
2010-11	5,124	1.0298	5,347	-191	5,307	183
2011-12	5,174	1.0559	5,266	-272	5,441	267
2012-13	5,224	1.0747	5,224	-314	5,538	314

SOURCE: Formula Allowance and CPI-U are from Minnesota Department of Education, *Referendum Cap Inflation Estimate 2011*

* Consumer Price Index for all urban consumers for the Minneapolis-St. Paul area.

Impact is budget cuts and levy referendums...

- With minimal increase in state funding expected, many districts are facing projected budget shortfalls for FY 2013 and FY 2014, and anticipate the need for budget cuts
- To meet local school budget shortfalls, in 2011 113 Minnesota districts submitted proposals to voters seeking support of increased operating levies
- _ districts, or ___%, passed at least 1 operating levy question

Contrast of City/County to School District Levy Cycle

- City/County - Budget Year is same as calendar year. The 2011 taxes provide revenue for the calendar year 2011 budget
- Schools - Budget year begins July 1st and coincides with school year. The 2011 taxes provide revenue for the 2011-2012 school fiscal year. Budget will be adopted in June 2011

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

Budget Information

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

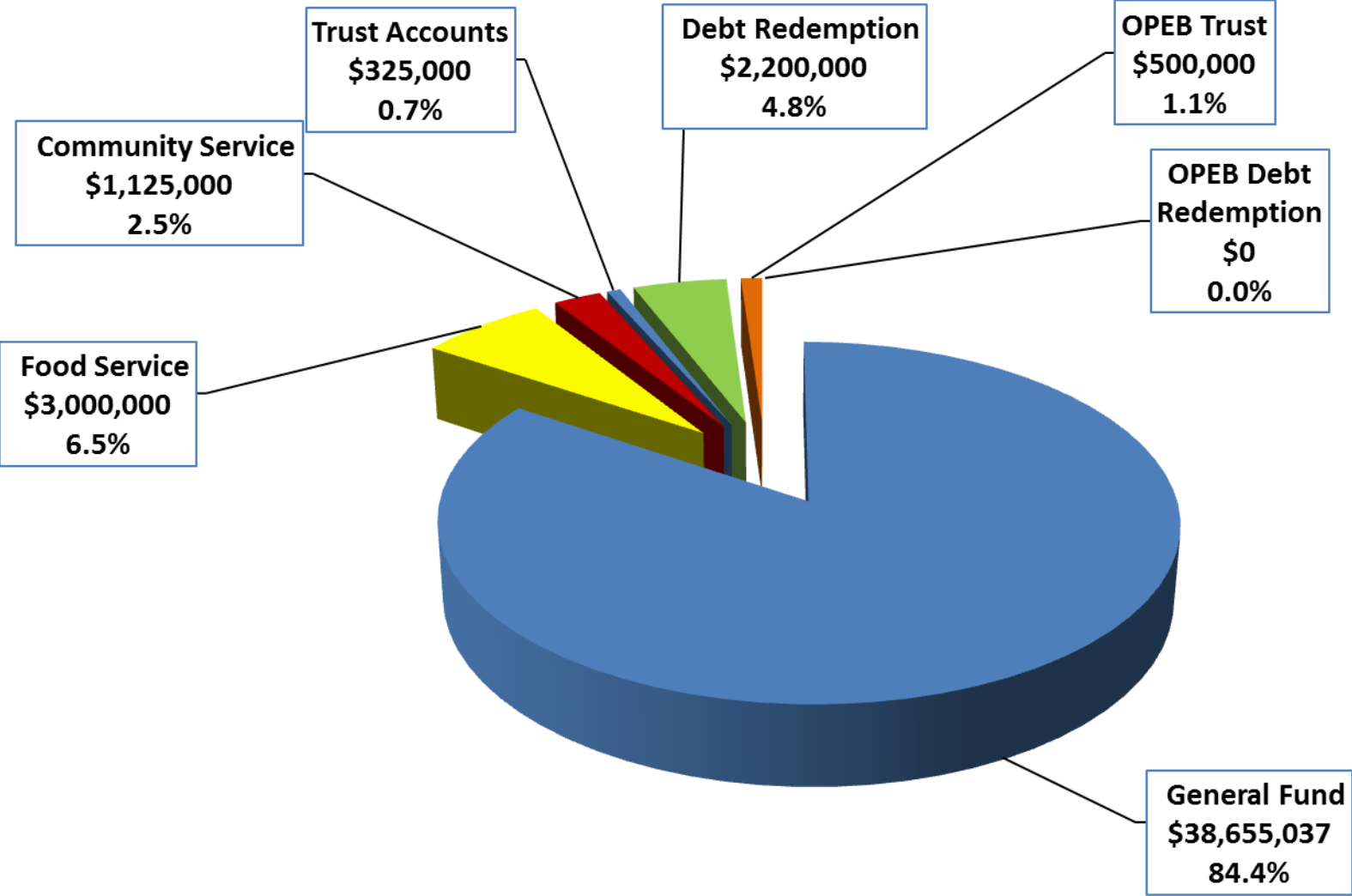
Budget Information

- All 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
 - Capital Projects
 - Debt Service
 - Trust
 - Internal Service

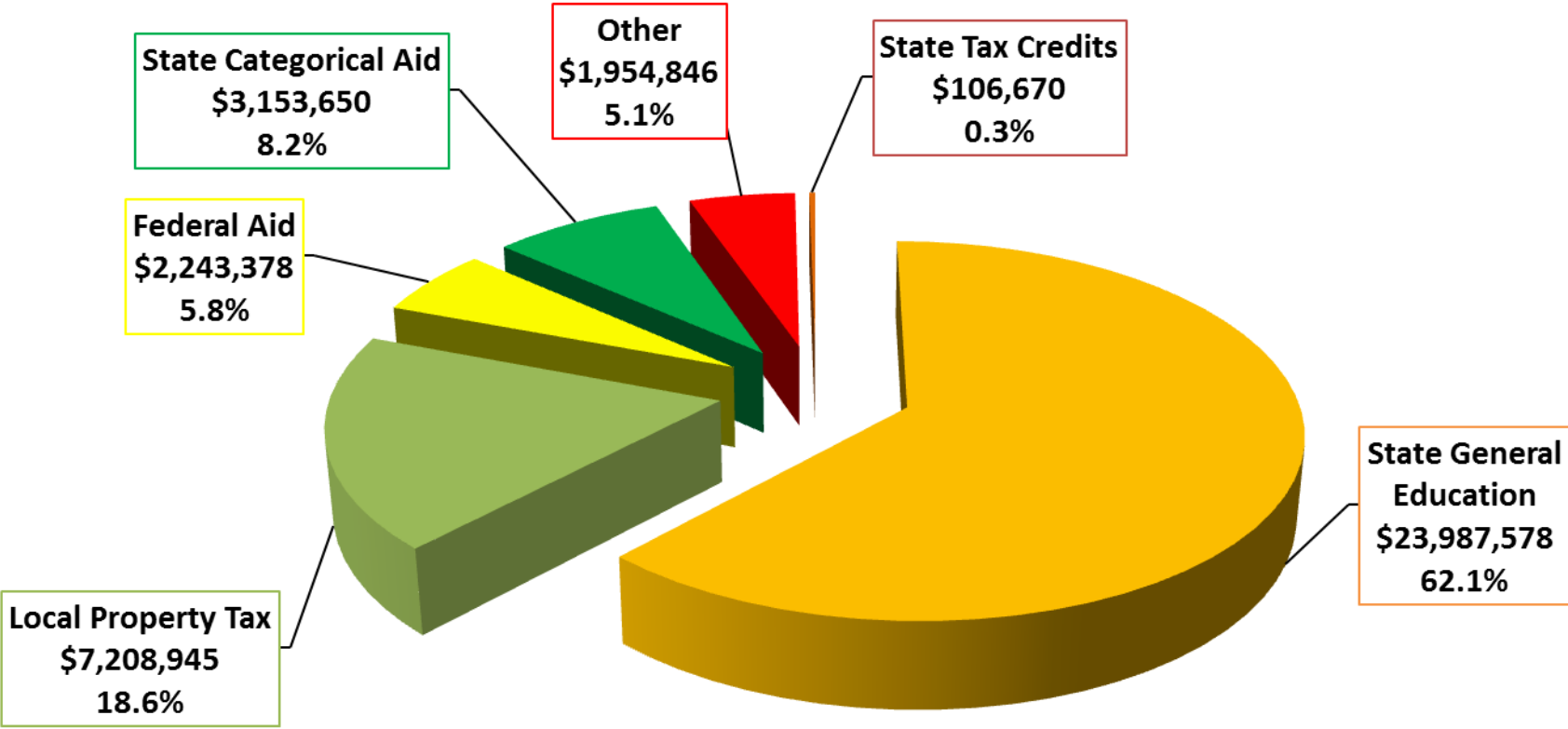
**Gopherville School District
District Revenues and Expenditures
Actual for FY 11, Budget for FY 12**

FUND	2010-11 ACTUAL REVENUES AND TRANSFERS IN	2010-11 ACTUAL EXPENDITURES & TRANSFERS OUT	JUNE 30,2011 ACTUAL FUND BALANCE	2011-12 BUDGET REVENUES AND TRANSFERS IN	2011-12 BUDGET EXPENDITURES & TRANSFERS OUT	JUNE 30,2012 PROJECTED FUND BALANCE
General	\$31,250,000	\$31,000,000	\$2,000,000	\$32,655,037	\$32,021,443	2,633,594
General Reserved	6,000,000	6,000,000	1,000,000	6,000,000	6,000,000	1,000,000
Food Service	2,950,000	2,925,000	375,000	3,000,000	3,025,000	350,000
Community Service Unreserved	650,000	675,000	150,000	750,000	725,000	175,000
Community Service Reserved	350,000	340,000	60,000	375,000	360,000	75,000
Building Construction	-	-	-	-	-	-
Debt Redemption	2,100,000	1,950,000	350,000	2,200,000	2,100,000	450,000
Trust	300,000	310,000	80,000	325,000	325,000	80,000
Internal Service						
Trust (OPEB) 25	475,000	600,000	900,000	500,000	600,000	800,000
Trust (OPEB) 45		-				-
Debt Redemption Fd 47	-	-	-		-	-
Total All Funds	\$44,075,000	\$43,800,000	\$4,915,000	\$45,805,037	\$45,156,443	\$5,563,594

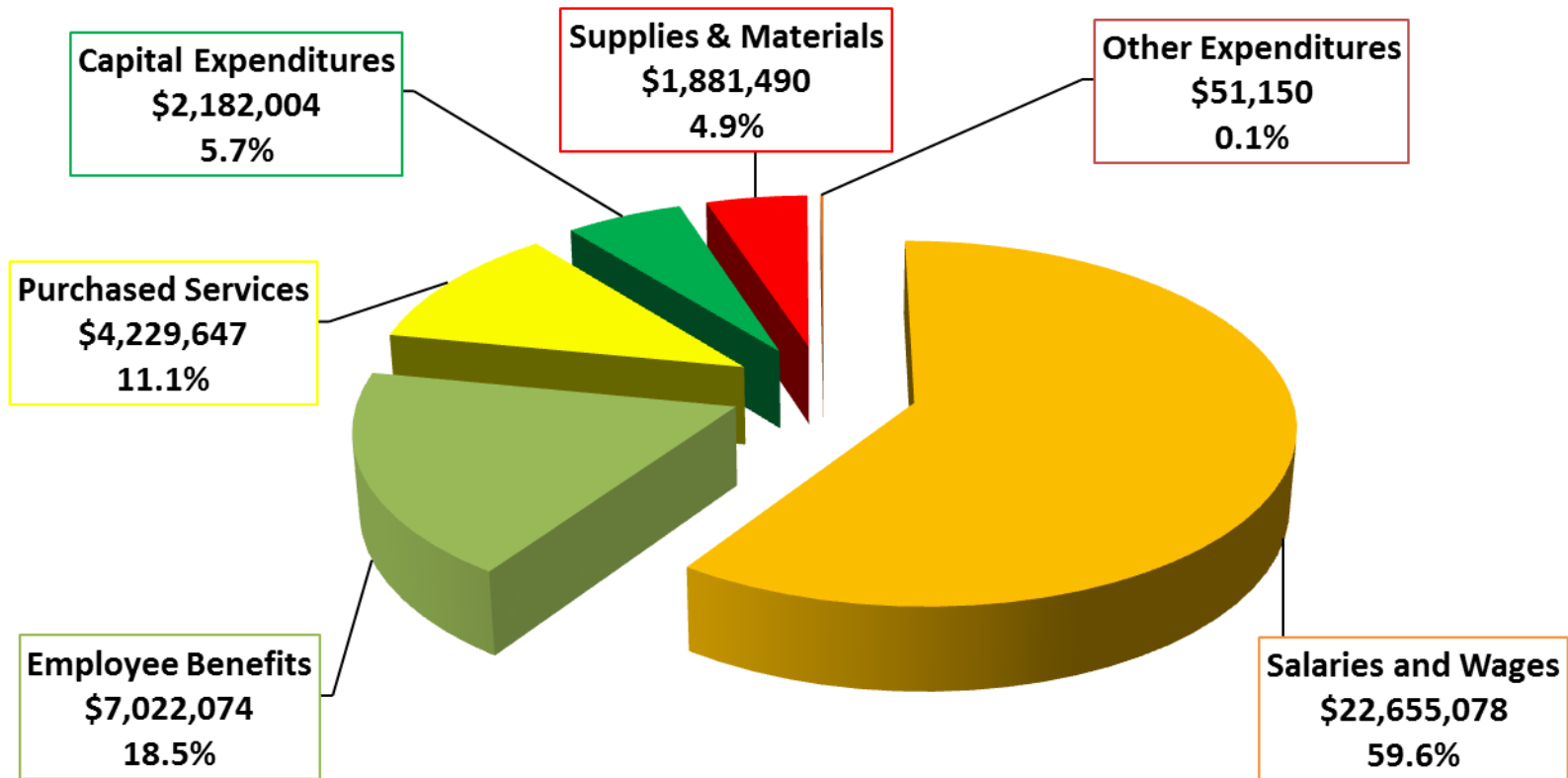
Gopherville School District Revenue all Funds 2011-12 Budget \$45,805,037



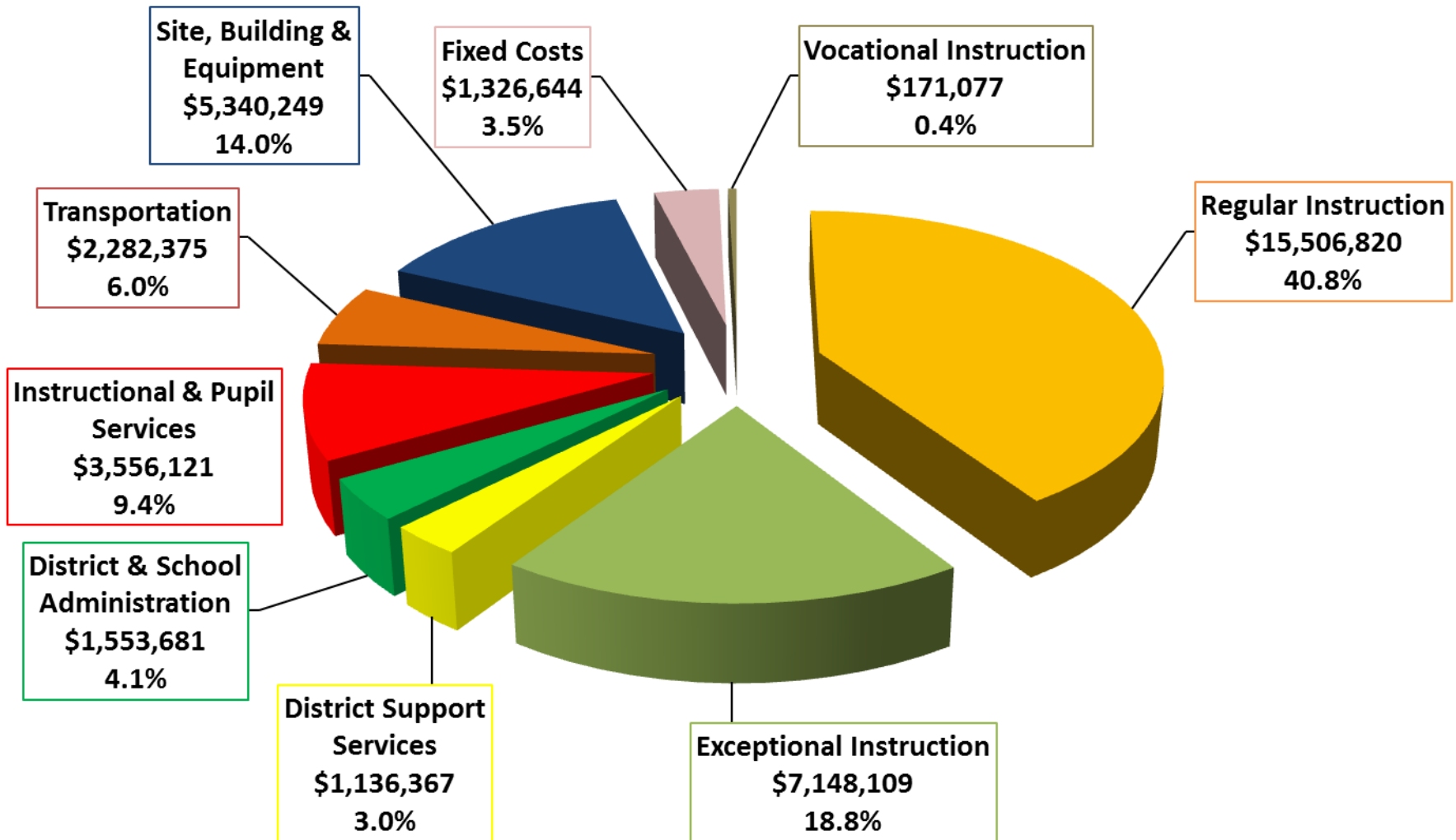
Gopherville School District General Fund Revenue 2011-12 Budget \$38,655,067



Gopherville School District General Fund Expenditure by Object 2011-12 Budget \$38,021,443



Gopherville School District General Fund Expenditures by Program 2011-12 Budget \$38,021,443



Proposed 2012 Property Tax Levy

- Determination of levy
- “Homestead Credit Shift” (elimination of homestead credit and replacement with homestead market value exclusion)
- Comparison 2011 to 2012 levies
- Specific reasons for changes in tax levy
- Impact on taxpayers

Property Tax Background

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

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

The Homestead Credit Shift

- The 2011 legislature repealed the Homestead Market Value Credit
- In its place, the Legislature implemented a Homestead Market Value Exclusion

The Homestead Credit Shift

- Repealed law (homestead market value credit)
 - Provided a reduction in the amount of taxes due, after the counties had calculated tax rates and initial tax bills
 - Depended **only on the value** of the property (not on the tax rate)
 - Amount ranged from a maximum of \$304 on a \$76,000 home, declining based on value to zero at \$413,000
 - **Affected only homestead properties** with values less than \$413,000
 - Credit was subtracted proportionally from the portions of the tax bill attributed to each city or township, county, and school district

The Homestead Credit Shift

- New Law - homestead market value exclusion
 - Reduces the calculation of “tax capacity” on residential homesteads with a market value of less than \$413,000, by excluding a portion of the value from tax capacity
 - Formula very similar to homestead credit – maximum “exclusion” is for a \$76,000 home, declining to \$0 for homes with a value of \$413,000 or more
 - The exclusion reduces the total tax base (tax capacity) for the political subdivision and ***therefore affects tax rates and the taxes of all properties***

Overall Impact of The Shift

- Increases in property taxes for almost all taxpayers
- Impact will vary widely across the State
 - Tax increases will be largest in communities where a large share of the tax base is lower-valued homes (exclusion causes a larger reduction in tax base)
 - For lower-valued homes, impact will vary based on the combined tax rate
 - In areas with high overall tax rates, lower valued homes may see an overall tax decrease
 - In areas with low overall tax rates, lower valued homes may see a larger tax increase than other types of property

Homestead Credit Shift

- There are three reasons why taxes will commonly increase for 2012:
 1. **State money is no longer reducing total taxes:** saving the state an estimated \$260,000,000. Since there will be no state property tax credit the entire property tax levy will be paid by taxpayers.
 2. **Reduction in taxable value increases tax rates:** With total value being reduced by the exclusion, raising the same total levy as the prior year requires a higher property tax rate.
 3. **Exclusion provides less benefit in low tax rate areas than the credit:** In lower tax rate areas (below the state average) the excluded value provides less benefit than the homestead credit.

Homestead Credit Shift – Impact on Our School District's Taxes

- The next table shows the impact of this shift on the school district portion of the bills, **if the shift had been implemented for 2011 taxes**
- Assumptions:
 - No change in the dollar amount of the district's levies
 - Tax rates adjusted upward to adjust for reduction in tax capacity and homestead credit eliminated
- For our district, the exclusion reduced total tax capacity by 2.8%, compared with a state average of 4.73%, so the impact on our taxpayers will be less severe than in the average school district

Gopherville School District No 100
Estimated Impact of Homestead Credit Shift on School District Taxes
If Shift had Been Implemented on 2011 Taxes

	Estimated Market Value	2011 School Taxes Based on		Estimated Net Impact of Shift on 2011 School Taxes	
		Old Law - Hmstd. Credit	New Law - Hmstd. Exclusion	\$ Change in School Taxes	% Change in School Taxes
Residential Homestead	\$125,000	\$562	\$568	\$6	1.1%
	200,000	969	982	13	1.3%
	250,000	1,239	1,259	20	1.6%
	300,000	1,510	1,535	25	1.7%
	400,000	2,051	2,088	37	1.8%
	500,000	2,569	2,615	46	1.8%
	600,000	3,163	3,220	57	1.8%
	750,000	4,054	4,128	74	1.8%
Commercial/ Industrial	\$250,000	\$1,238	\$1,249	\$11	0.9%
	800,000	4,418	4,500	82	1.9%
	2,000,000	11,258	11,469	211	1.9%
Agricultural Homestead*	\$400,000	\$1,029	\$1,048	\$19	1.8%
	1,000,000	1,993	2,040	47	2.4%
Agricultural Non-Homestead (dollars per acre)	\$2,000	\$6.43	\$6.61	\$0.18	2.8%
	3,000	9.64	9.92	0.27	2.8%
	4,000	12.85	13.22	0.37	2.8%
Apartments (4 or more units)	\$500,000	\$2,971	\$3,028	\$57	1.9%
	2,000,000	11882	12111	229	1.9%
Percent reduction in district's total tax capacity due to shift				-2.8%	

+ Figures above show the impact of the shift for property in Gopherville.

* For agricultural homestead property, assumes a value of \$150,000 for the house, garage, and one acre.

Property Tax Background

School District Property Taxes

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

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**.

Proposed Levy Payable in 2012

Schedule of events in approval of district's 2011 (Payable 2012) tax levy

- Mid-September: Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
- September __: School board approved proposed levy amounts
- Mid-November: County mailed "Proposed Property Tax Statements" to all property owners
- December __: Public hearing on proposed levy at regular meeting
- Following hearing school board will certify final levy amounts

Gopherville Public School District #100

Comparison of Proposed Tax Levy Payable in 2012 to Actual Levy Payable in 2011

Fund Levy Category	Actual Levy - FY 12	Proposed Levy - FY 13	FY 13	FY 13
	Payable in 2011	Payable in 2012	\$ Change	% Change
General Fund				
Voter Approved Referendum	\$4,085,610	\$4,038,080	-\$47,529	
Equity	534,683	567,942	33,259	
Alternate Teacher Compensation	0	0	0	
Capital Projects - Technology Levy	0	0	0	
Operating Capital	637,330	582,275	(55,055)	
Health and Safety/Deferred Maint.	911,308	637,350	(273,958)	
Instructional Lease Levy	713,297	711,530	(1,767)	
Safe Schools	151,175	155,689	4,513	
Other	240,512	244,130	3,618	
Adjustments for Prior Years	6,507	7,499	992	
Total, General Fund	\$7,280,423	\$6,944,495	-\$335,928	-4.6%
Community Service Fund				
Basic Community Education	\$190,725	\$190,725	\$0	
Early Childhood Family Education	111,828	104,879	(6,949)	
School-Age Child Care	33,424	130,456	97,032	
Other	3,104	2,797	(307)	
Adjustments for Prior Years	(57,320)	238	57,559	
Total, Community Service Fund	\$281,760	\$429,094	\$147,334	52.3%
Debt Service Fund				
Voter Approved Debt Service	\$3,065,774	\$3,111,463	\$45,689	
Other Debt Service	0	636,450	636,450	
Abatement Adjustments	2,996	3,027	31	
Other Post Employment Benefits	643,989	643,989	0	
Reduction for Excess Fund Balance	(145,540)	(118,645)	26,895	
Total, Debt Service Fund	\$3,567,219	\$4,276,284	\$709,065	19.9%
Total Levy, All Funds	\$11,129,402	\$11,649,873	\$520,471	4.7%

Overview of Proposed Levy Payable in 2012

- The total 2012 proposed property tax levy will increase from 2011, by 4.7% or \$520,471
 - This total includes a reduction of **\$77,514** from the proposed levy approved in September, resulting from the bond refunding approved by the Board on September 27th
- Law requires that we explain the reasons for the major increases in the levy
- We will also explain some of the decreases in specific levies

Explanation of Levy Changes

- Category: Equity Levy
- Change: +\$55,625
- Use of funds: general operating expenses
- Reason for increase:
 - ✓ Funding is based on a legislatively set formula for each district's "equity allowance" multiplied times enrollment of students served in the district
 - ✓ Revenue is increasing because of an increase in the state-determined equity allowance and a projected increase in students served

Explanation of Levy Changes

- Category: Operating Capital
- Change: -\$59,581
- Use of funds: Technology, facility maintenance, other capital expenses
- Reason for decrease:
 - ✓ Funding for this program is provided through a combination of state aid and local tax levies
 - ✓ Because the district's total property value decreased, the share of funding provided through the tax levy is decreasing
 - ✓ State aid will increase by a similar amount, so there will be little net change in revenue

Explanation of Levy Changes

- Category: Health and Safety Levy
- Change: -\$290,155
- Use of funds: State-approved capital projects related to facility health and safety needs
- Reason for decrease:
 - ✓ The amount of this levy is based on the estimated cost of qualifying state-approved projects
 - ✓ The levy will be used to address health and safety deficiencies in district facilities
 - ✓ Alternative facility bonds will be issued to fund major health and safety projects, resulting in a reduced need for the annual levy

Explanation of Levy Changes

- Category: School-Age Child Care
- Change: +\$82,070
- Use of funds: Provide child care services for students with disabilities
- Reason for increase:
 - ✓ The number of students qualifying for this program is expanding, leading to increased costs

Explanation of Levy Changes

- Category: Adjustments for Prior Years – Community Service Fund
- Change: +\$72,255
- Use of funds: Various purposes
- Reason for increase:
 - ✓ For the 2011 levy, the community service fund balance exceeded a state-determined threshold, resulting in a negative levy adjustment of \$57,549
 - ✓ For the 2012 levy, the fund balance was reduced so there was no corresponding negative adjustment
 - ✓ Several other minor adjustments in both years accounted for the remainder of the increase

Explanation of Levy Changes

- Category: Other Debt Service
- Change: +\$636,450
- Use of funds: Annual required payment of principal and interest on “alternative facilities” bonds
- Reason for increase:
 - ✓ The district is planning to issue bonds early in 2012 to finance a variety of critical projects related to health and safety
 - ✓ This levy is for the first year’s payments on the bonds

Gopherville School District No 100

Estimated Changes in School Property Taxes, 2009 to 2012

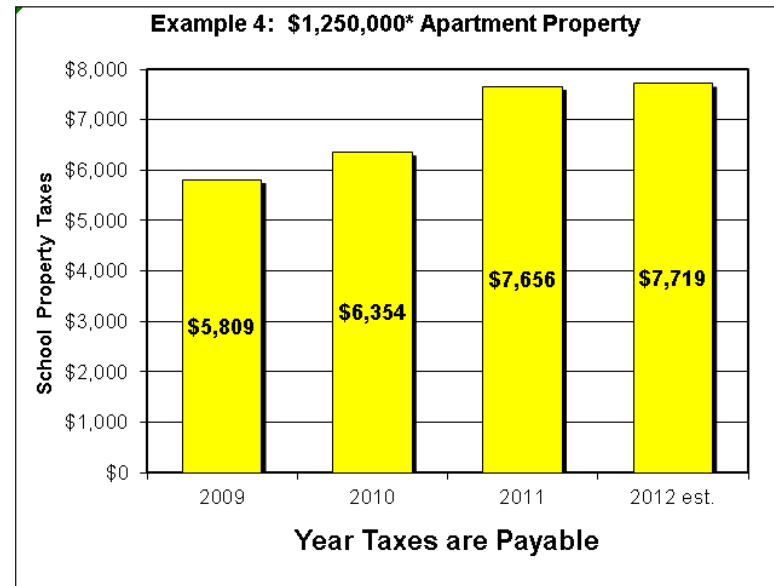
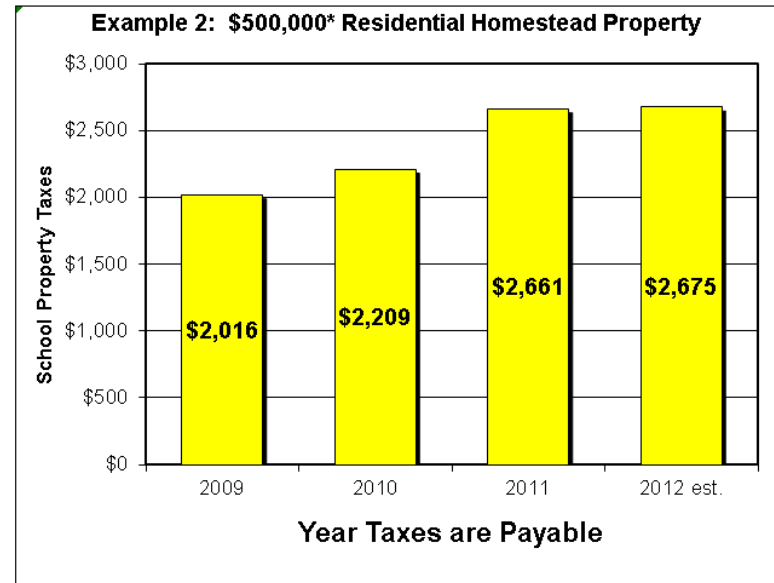
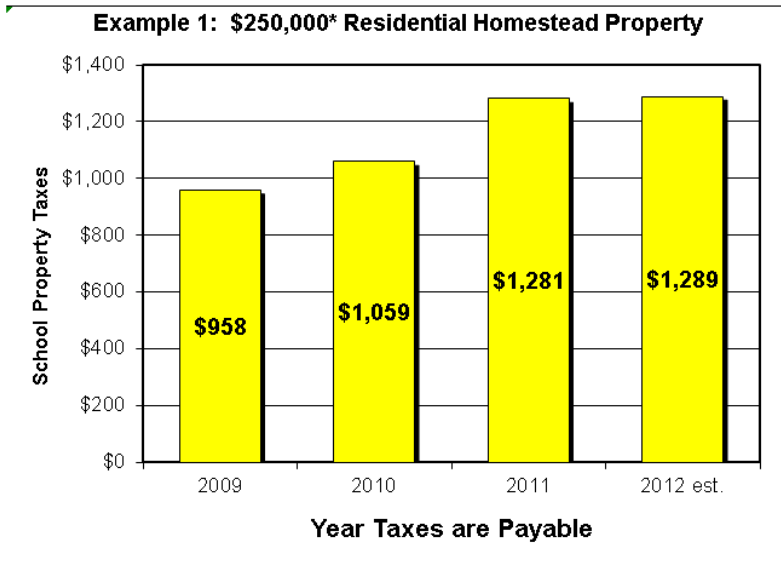
Based on -15.7% Cumulative Changes in Property Value from 2009 to 2012 Taxes

Type of Property	Taxable Market Value for 2009 Taxes	Actual Taxes Payable in 2009	Taxable Market Value for 2010 Taxes	Actual Taxes Payable in 2010	Taxable Market Value for 2011 Taxes	Actual Taxes Payable in 2011	Estimated Market Value for 2012 Taxes	Estimated Taxes Payable in 2012	Change in Taxes 2009 to 2012	Change in Taxes 2011 to 2012
Residential Homestead	\$148,207	\$589	\$139,315	\$571	\$128,866	\$583	\$125,000	\$583	-\$6	\$0
	237,131	1,009	222,903	977	206,186	1,002	200,000	1,007	-2	5
	296,414	1,290	278,629	1,249	257,732	1,281	250,000	1,289	-1	8
	355,697	1,570	334,355	1,520	309,278	1,560	300,000	1,571	1	11
	414,980	1,850	390,081	1,791	360,825	1,839	350,000	1,854	4	15
	474,262	2,114	445,807	2,054	412,371	2,118	400,000	2,136	22	18
	533,545	2,401	501,532	2,312	463,918	2,384	450,000	2,408	7	24
	592,828	2,706	557,258	2,607	515,464	2,661	500,000	2,675	-31	14
	711,394	3,315	668,710	3,198	618,557	3,273	600,000	3,293	-22	20
889,242	4,228	835,887	4,084	773,196	4,192	750,000	4,219	-9	27	
Commercial/ Industrial #	\$296,414	\$1,388	\$278,629	\$1,339	\$257,732	\$1,327	\$250,000	\$1,336	-\$52	\$9
	592,828	2,902	557,258	2,806	515,464	2,796	500,000	2,818	-84	22
	948,525	4,718	891,613	4,567	824,742	4,559	800,000	4,596	-122	37
	1,185,656	5,929	1,114,517	5,741	1,030,928	5,735	1,000,000	5,782	-147	47
	2,371,312	11,985	2,229,033	11,610	2,061,856	11,611	2,000,000	11,709	-276	98
Agricultural Homestead	\$474,262	\$1,103	\$445,807	\$1,026	\$412,371	\$1,067	\$400,000	\$1,064	-\$39	-\$3
	711,394	1,457	668,710	1,335	618,557	1,398	600,000	1,394	-63	-4
	948,525	1,811	891,613	1,644	824,742	1,729	800,000	1,724	-87	-5
	1,185,656	2,310	1,114,517	1,953	1,030,928	2,060	1,000,000	2,054	-256	-6
	1,422,787	2,954	1,337,420	2,484	1,237,113	2,392	1,200,000	2,384	-570	-8
Agricultural Non-Homestead (dollars per acre)	\$2,371	\$6.44	\$2,229	\$6.18	\$2,062	\$6.63	\$2,000	\$6.60	\$0.16	-\$0.03
	3,557	9.66	3,344	9.27	3,093	9.94	3,000	9.90	0.24	-0.04
	4,743	12.88	4,458	12.36	4,124	13.25	4,000	13.20	0.32	-0.05
	5,928	16.10	5,573	15.44	5,155	16.57	5,000	16.50	0.40	-0.07
Apartments (4 or more units)	\$592,828	\$3,045	\$557,258	\$2,954	\$515,464	\$3,062	\$500,000	\$3,088	\$43	\$26
	1,482,070	7,613	1,393,146	7,384	1,288,660	7,656	1,250,000	7,719	106	63
	2,371,312	12,180	2,229,033	11,815	2,061,856	12,250	2,000,000	12,350	170	100
Tax Rates										
Tax Capacity Rate		27.162		27.714		32.137		33.000		
Referendum Market Value Rate		0.17413		0.18363		0.19241		0.20500		

Gopherville School District No 100

Estimated Changes in School Property Taxes, 2009 to 2012

Based on -15.7% Cumulative Changes in Property Value from 2009 to 2012 Taxes



* For all four examples of properties, the value shown in the title of the chart is the estimated market value for taxes payable in 2012. Taxes are calculated based on changes in market value of -6.0% from 2009 to 2010 taxes, -7.5% from 2010 to 2011, and -3.0% from 2011 to 2012.

Factors Causing Changes from 2011 to 2012

- As explained earlier in this presentation, the “homestead credit shift” approved by the 2011 Legislature caused increases in taxes for most/all taxpayers
- Many other factors can cause the tax bill for an individual property to increase or decrease from year to year:
 - Changes in value of the individual property
 - Changes in the total value of all property in the district
 - Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

Factors Causing Changes from 2011 to 2012

- The table below shows – for one example of a property in our district – the impact of the homestead credit shift and the impact of all other factors
- Example is based on a home with a market value of \$257,732 for taxes payable in 2011 and \$250,000 for taxes payable in 2012

Gopherville School District No 100				
Year	Value	School Taxes	Dollar Change	Percent Change
2011	\$257,732	\$1,281.09		
2011 Taxes adjusted for shift	\$257,732	\$1,301.29	\$20.21	1.6%
2012	\$250,000	\$1,288.86	<u>-\$12.43</u>	<u>-1.0%</u>
	Total Change		\$7.77	0.6%

State Property Tax Refunds

- State of Minnesota has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional, or
 - Visit the Department of Revenue web site at www.taxes.state.mn.us

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 approx. \$99,240 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 \$2,370
 - Especially helpful to those with lower incomes
 - Fill out 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 the prior year
 - Refund is 60% of the amount by which the tax increase exceeds the greater of 12% or \$100, up to a maximum of \$1,000
 - No income limits
 - Fill out state tax form M-1PR

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 the 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 the property
- The deferred property taxes plus accrued interest must be paid when the home is sold or the homeowner(s) dies

Next Steps

- Board will accept public comments and questions on proposed levy
- Board action to certify the 2012 school tax levy

Public Comments and Questions