M E M O R A N D U M

To: Mr. Mathew Turner, Superintendent

Mr. Matt McIntire, Chairperson

Board members

From: Linda Schild, Director Finance

Date: August 13, 2020

Re: Tax Rate Levy and Property Assessment

This year the District experienced an increase of $1.4 billion (9.1%) in the total property assessment. The changes in classes of property are:

Real Estate $867,955,628 increase ($295,715,269 is new)

Tangible $437,275,212 increase

PSC Real Estate $ 925,892 increase

PSC Tangible $ 32,735,069 increase

Distilled Spirits $ 182,436 increase

Motor Vehicles $ 60,212,575 increase

The increase in real estate property values drove the compensating tax rate for real estate down to 63.4 per $100 valuation on real property. This is a 3.0 point reduction in the rate levied last year. The compensating rate for tangible property is 63.4. The rate of 0.0 was calculated as the rate to recover exonerations.

The maximum tax rates the Board may levy in 2020, allowing for 4% growth in revenues is 65.9 cents per $100 valuation on real property and tangible property. This rate would decrease the current rate of 66.4 by 0.5 cents per $100 valuation. The motor vehicle rate of 49.7 remains the same as 2019 rate.

The maximum tax rate will increase revenues by $6.3 million and new property will add an additional $1.9 million. Of that total increase, $2.1 million will be restricted for the building fund which will have a positive impact on the District’s bonding potential.

The 9.1% increase in property valuation will negatively impact the SEEK calculation by increasing the local effort, which ultimately decreases the state support. The calculation of local effort will increase by approximately $4.2 million. In 2009, HB409 allowed some relief to districts who experienced growth in their property assessment exceeding 4%. This offsets the reduction by approximately $270,000 in the SEEK calculation only if there are funds available. Any growth in the student population will also offset the reduction in state support.

The recommendation to the Board is to levy the maximum tax rate as presented:

65.9 cents per $100 valuation of real estate

65.9 cents per $100 valuation of tangible property

49.7 cents per $100 valuation of motor vehicles