

Things to Know About the Proposed Rochester Public Schools Property Tax Levy for 2019

<p>What are the important dates in the process?</p> <ul style="list-style-type: none"> On October 2, the school board approved the <u>maximum</u> amount the property tax levy can be for 2019. The final levy amount cannot be greater than the amount approved on October 2. On December 4 at 6:00pm, the public will have the opportunity to provide public comment on the proposed levy amount and the 2018-19 district budget at the "Truth in Taxation" hearing. On December 11, the school board will vote on the final levy amount. 	<p>What is the maximum property tax levy amount for RPS?</p> <p style="text-align: right;">For 2019, the maximum levy amount is \$56.0 million, an increase of \$3.3 million or 6.2% over 2018.</p>
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<p>How is this going to impact the taxes you pay?</p> <p>If the assessed value of your property did not increase from 2018 to 2019, the property taxes you pay for Rochester Public Schools will decrease (see chart below). This is because the cumulative value of all properties in the Rochester district (the "tax base") increased by 8.1% since last year. So even if the maximum amount of \$56 million is levied in 2019, most Rochester property taxpayers will see a decrease in the property taxes paid to Rochester Public Schools.</p>	<p>How has the property tax levy increased in recent years?</p> <p>Since 2017, the average growth in the property tax levy has been 1.9% per year. This is lower than the inflation rate of 2.24% used by the Minnesota Department of Education. Therefore, the growth in property taxes are lower than the growth in the costs of doing business for RPS.</p>
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<p>What are the major reasons for the increase in the levy for 2019? The Minnesota Department of Education calculates the maximum property tax levy amount, and the major areas of increase come from:</p>	
\$1.6 million	Most of the levy calculation is based on how many "pupil units" we have in RPS. RPS will have about 278 more "pupil units" (students) in 2019. In addition, the per pupil levy approved by voters in 2015 is inflated by 2.24% each year.
\$900,000	Increase in the Long-Term Facilities Maintenance Levy to pay for maintenance and repair to current facilities
\$700,000	Increase in the levy to pay for additional staff in School Age Child Care (SACC) to assist special needs students. This allows the rate for SACC to be the same for all students, whether they have special needs or not.

<p>What do our local property taxes pay for in Rochester Public Schools? Property taxes provide revenue for:</p>	
•	<u>General Fund</u> - Operating costs for educational and student support programs, teachers, paraprofessionals, clerical, administration, contracted services, utilities and supplies, transportation, normal operations and maintenance) <i>Of note, only 12 percent of the General Fund Revenue comes from local levy revenue. The rest comes from state and federal revenue.</i>
•	<u>Debt Service Fund</u> - Payments for principal and interest on bonds issued for construction and major maintenance projects
•	<u>Community Service Fund</u> - Community Education, Early Childhood and Adult Basic Education and School Readiness

Where Can I Find Out More Information? Documents can be found on Board Docs at:
<http://www.boarddocs.com/mn/rps535/Board.nsf/goto?open&id=B4R4S27F9541>



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Rochester Public Schools, ISD 535

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Preliminary Comparison of School District Taxes Payable in 2018 and 2019

		Actual Taxes Payable in 2018	Preliminary Estimate of Taxes Payable in 2019	Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes			
Residential Homestead	\$75,000	\$239	\$234	-\$5	-2.1%
	100,000	338	329	-9	-2.7%
	125,000	437	426	-11	-2.5%
	150,000	536	523	-13	-2.4%
	175,000	635	620	-15	-2.4%
	200,000	734	716	-18	-2.5%
	250,000	933	910	-23	-2.5%
	300,000	1,131	1,103	-28	-2.5%
	350,000	1,329	1,296	-33	-2.5%
	400,000	1,527	1,490	-37	-2.4%
Commercial/ Industrial	\$250,000	\$1,232	\$1,202	-\$30	-2.4%
	500,000	2,581	2,519	-62	-2.4%
	1,000,000	5,281	5,153	-128	-2.4%
	2,000,000	10,680	10,421	-259	-2.4%
Apartments	\$200,000	\$843	\$823	-\$20	-2.4%
	500,000	2,109	2,057	-52	-2.5%
	1,000,000	4,217	4,114	-103	-2.4%
	2,000,000	8,435	8,227	-208	-2.5%
Agricultural Homestead (dollars per acre) **	4,000	\$1.89	\$1.85	-\$0.04	-2.1%
	6,000	2.84	2.77	-0.07	-2.5%
	8,000	3.78	3.69	-0.09	-2.4%
Agricultural Non-Homestead (dollars per acre)	\$4,000	\$3.78	\$3.69	-\$0.09	-2.4%
	6,000	5.67	5.54	-0.13	-2.3%
	8,000	7.56	7.39	-0.17	-2.2%

Key Assumptions:

- Property tax valuations for taxes payable in 2019 are preliminary estimates from Olmstead County and Wabasha County, as of 9/17/18.
 - Assumes no change in the value of individual parcels of property from 2018 to 2019 taxes. If the value of a parcel increased, the change in taxes will be larger than shown above.
 - Taxes payable in 2019 are based on latest estimates of proposed levy, as of the date above.
- ** For agricultural homestead property, estimates above are based on the average value per acre of agricultural land and buildings. In addition, the house, garage, and one acre of land (HGA) would pay taxes at the same rate as residential homestead property. Estimates include the impact of the School Building Bond Agricultural Credit.