



Community Facility Information and Listening Session

Springfield Public Schools

September 30, 2019



Financing Tool

School Building Bonds

- Broadest authority
 - Voter approval required
 - Provides up front cash
 - Qualifies for Ag Credit (50% for Pay2020 and phase-in to 70% for Pay2023)
 - Flexible payment structure
 - MDE Review and Comment for projects over \$2 million
-



Financing Tool

School Building Bonds – Election Dates

- Second Tuesday in
 - February
 - April
 - May
 - August (primary election date)
- First Tuesday after first Monday in
 - November (general election date)



Financing Tools

School Building Bonds

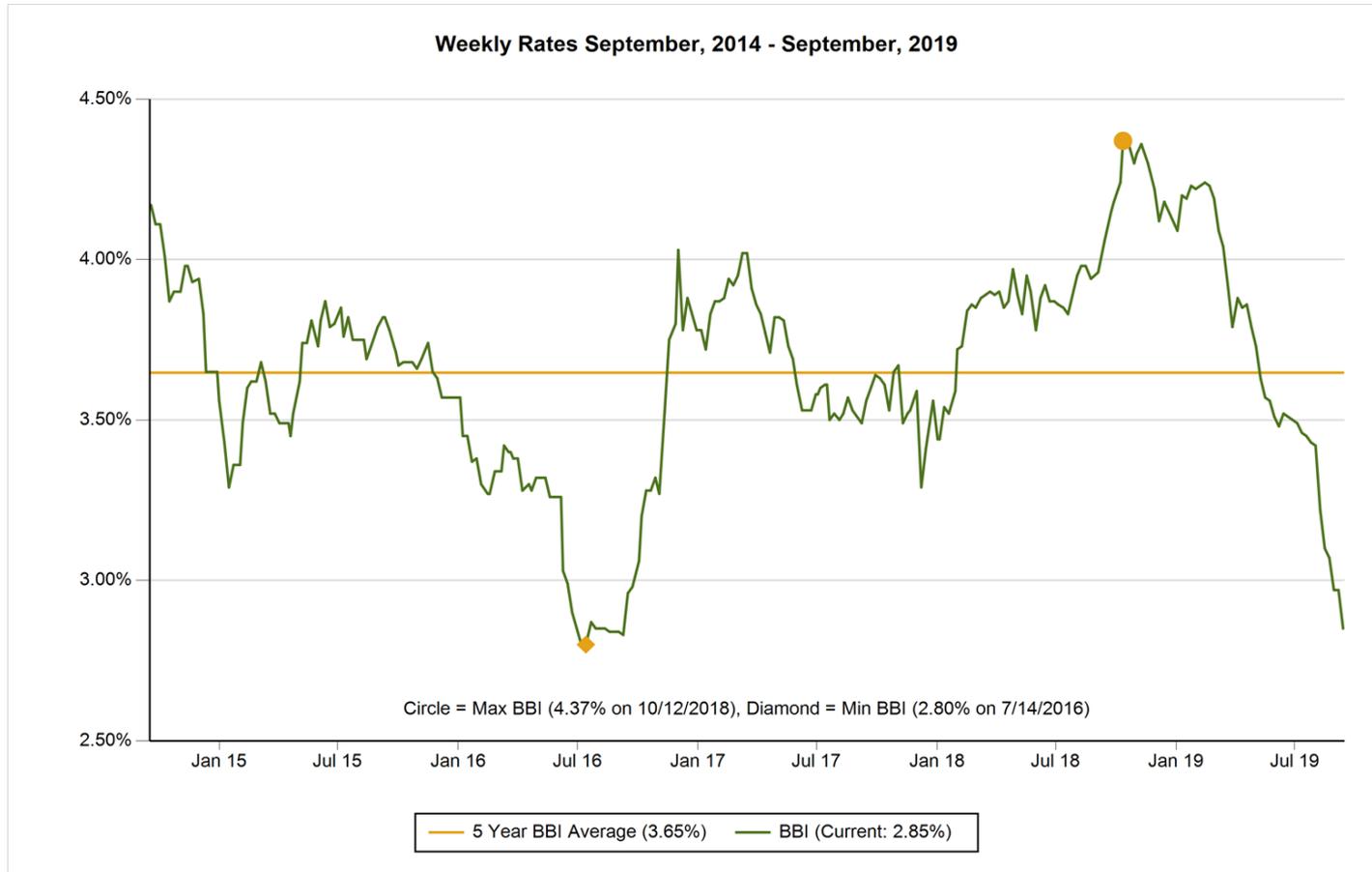
- Advantages
 - Lower Interest Rate
 - State credit enhancement program
 - Additional revenue
 - Flexible payment structure
 - Debt service equalization aid
 - School Bond Agricultural Credit
- Disadvantages
 - Increase in property tax
 - Voter approval



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Bond Buyer Index





Property Type Assessment

School District: Springfield (ISD # 85)

Assessment Year 2018 Tax Base by Property Type

	Market Value	Percent of Total	Referendum Market Value	Percent of Total	Net Tax Capacity*	Percent of Total
Totals	746,079,030	100.0%	157,668,515	100.0%	6,233,267	
Residential Homestead	89,906,025	12.1%	87,461,510	55.5%	672,220	10.8%
Other Residential	13,471,950	1.8%	13,203,550	8.4%	139,495	2.2%
Commercial / Industrial	35,036,200	4.7%	35,036,200	22.2%	653,253	10.5%
Non Qualifying Agricultural	21,933,055	2.9%	21,710,955	13.8%	167,295	2.7%
Qualifying Agriculture	585,314,800	78.5%	-	0.0%	4,609,011	73.9%
Seasonal Recreational	417,000	0.1%	256,300	0.2%	4,811	0.1%



Qualifying Agricultural Credit

School District: Springfield (ISD # 85)

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*Totals **DO** include TIF and Fiscal Disparities adjustments

Assumptions for Agricultural Credit Calculations			
Year Taxes Payable	Credit %	District Ag %	Net State Aid
2020	50%	73.9%	37%
2021	55%	73.9%	41%
2022	60%	73.9%	44%
2023	70%	73.9%	52%

The majority of the payments will be at the 70% agricultural credit resulting in state participation of approximately 50% of debt service over the life of the bonds.



School Building Bond Agricultural Credit

Provides agricultural property owners a credit for taxes attributable to school district debt service

Applies to new and existing debt

Applies to all agricultural property (except house, garage, and one acre)

- Class 2a: Agricultural Land (Homestead & Non-Homestead)
- Class 2b: Rural Vacant Land
- Class 2c: Managed Forest Land

Credit of 50% in Pay 2020

Ongoing credit, automatically deducted from property taxes owed (property owners don't need to complete a form to request credit)

Credit paid by State, does not shift levy to other property types



School Building Bond Agricultural Credit

- 2019 Legislative Changes
 - 50% for property taxes payable in 2020
 - 55% for property taxes payable in 2021
 - 60% for property taxes payable in 2022
 - 70% for property taxes payable in 2023



School Building Bond Agricultural Credit



Spruce County
Jane Smith, Auditor-Treasurer
345 12th Street East, Box 78
Spruceville, MN 55555-5555
(555) 345-6789
www.co.spruce.mn.us

TAXPAYER(S):

John and Mary Johnson
123 Pine Rd S
Spruceville, MN 55555-5555

Property Information

PIN Number: 01.234.56.789.R1 Property Address: 789 Pine Rd S
Spruceville, MN 55555

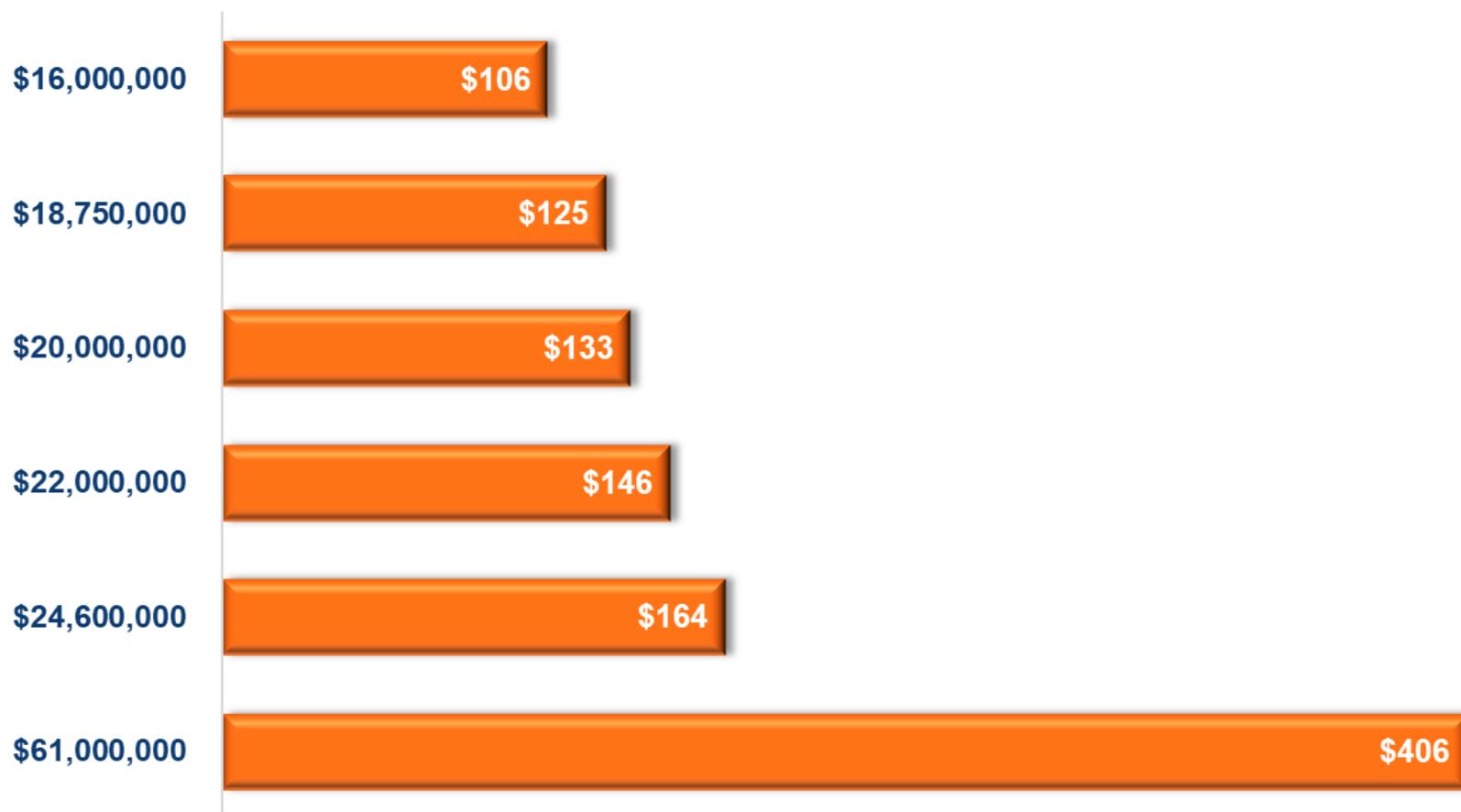
Property Description:
Lot 1, Block 1, Spruce Acres Subdivison

PROPOSED TAXES 2019			
THIS IS NOT A BILL. DO NOT PAY.			
VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2018	2019
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
Step 2	Property Taxes before credits	\$1,467.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,455.42	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2019		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			



Estimated Annual Tax Impact for Taxes Payable 2021

\$85,000 Residential Homestead 20 Year Term





Tax Impact

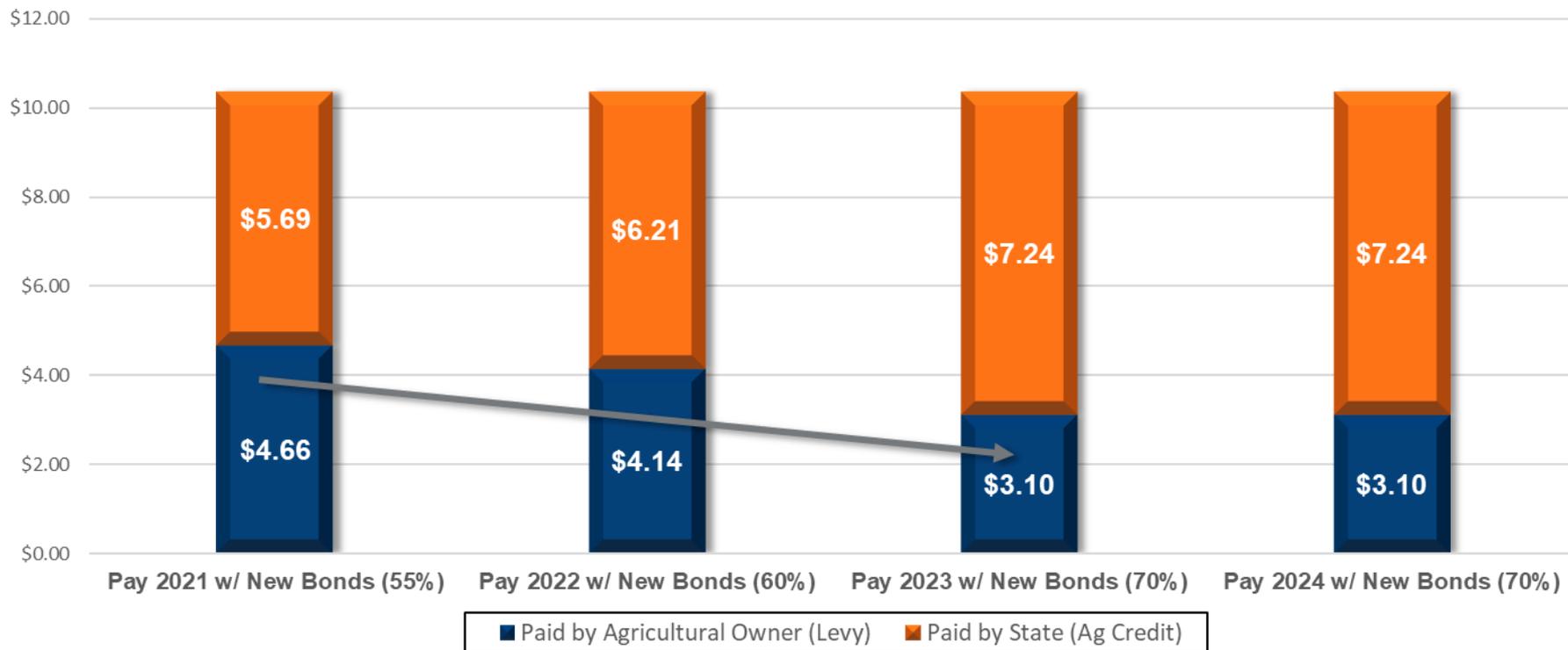
Bond Issue Amount	\$24,600,000
Average Interest Rate	3.75%
Number of Years/Tax Levies	20

Type of Property	Estimated Market Value	Estimated Pay 2021 Tax Impact*
Residential Homestead	\$50,000	\$89
	85,000	164
	100,000	212
	200,000	535
	300,000	857
Commercial/Industrial	\$250,000	\$1,257
	500,000	2,736
	1,000,000	5,694
Agricultural Homestead** (average value per acre of land & buildings)	\$5,000	\$3.33
	6,000	3.99
	7,000	4.66
	8,000	5.32
Agricultural Non-Homestead** (average value per acre of land & buildings)	\$5,000	\$6.66
	6,000	7.99
	7,000	9.32
	8,000	10.65



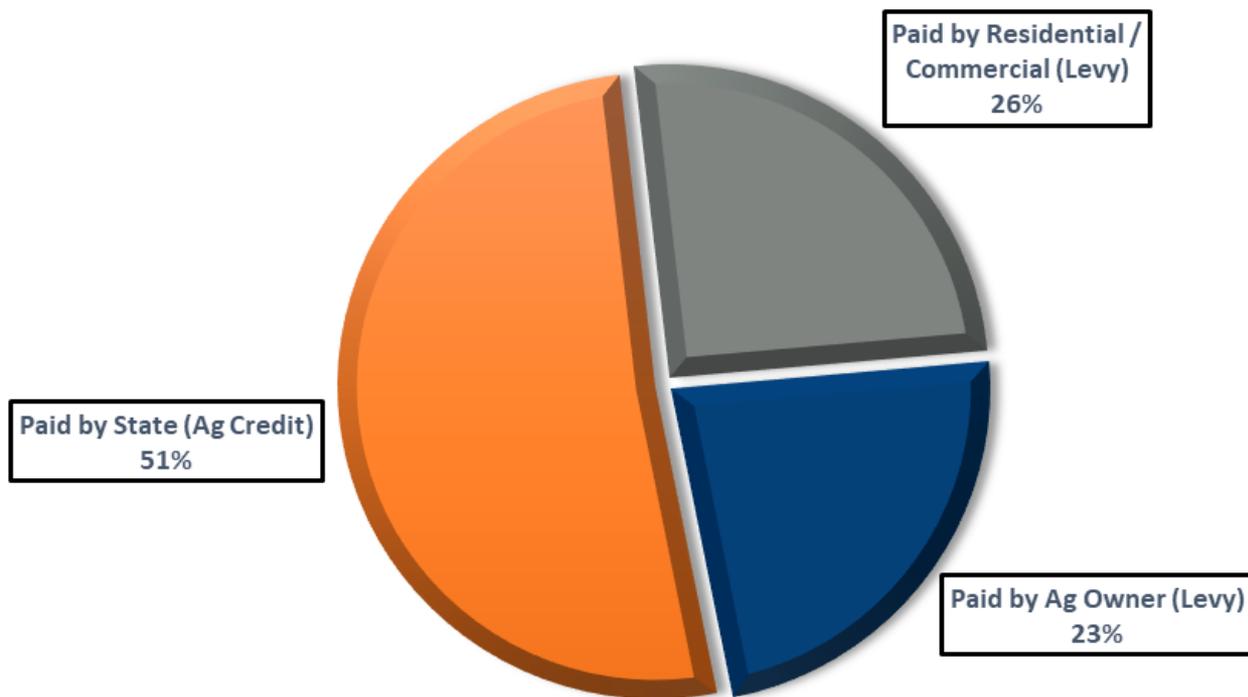
Springfield School District

School Building Bond Agricultural Credit Phase In
per \$7,000 Homestead Acre
\$24,600,000 Bond Issue





Springfield School District
Estimated Bond Amount: \$24,600,000



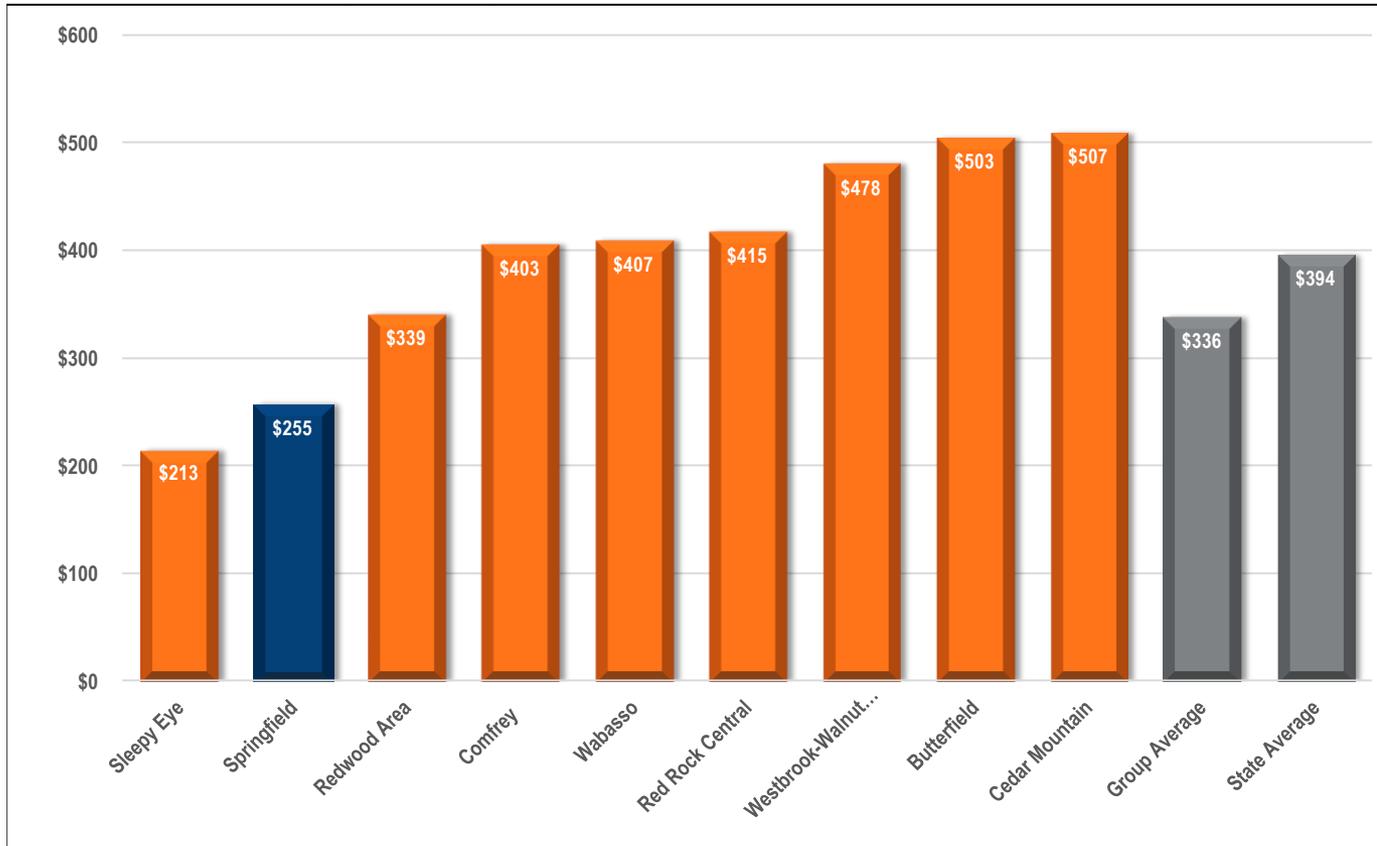
Estimated percentage of approved bond amount over the 20 year term of the bonds



Comparative Chart

Springfield School District No 085

Total School Property Taxes, Payable 2019, on a Home with an Estimated Market Value of \$100,000



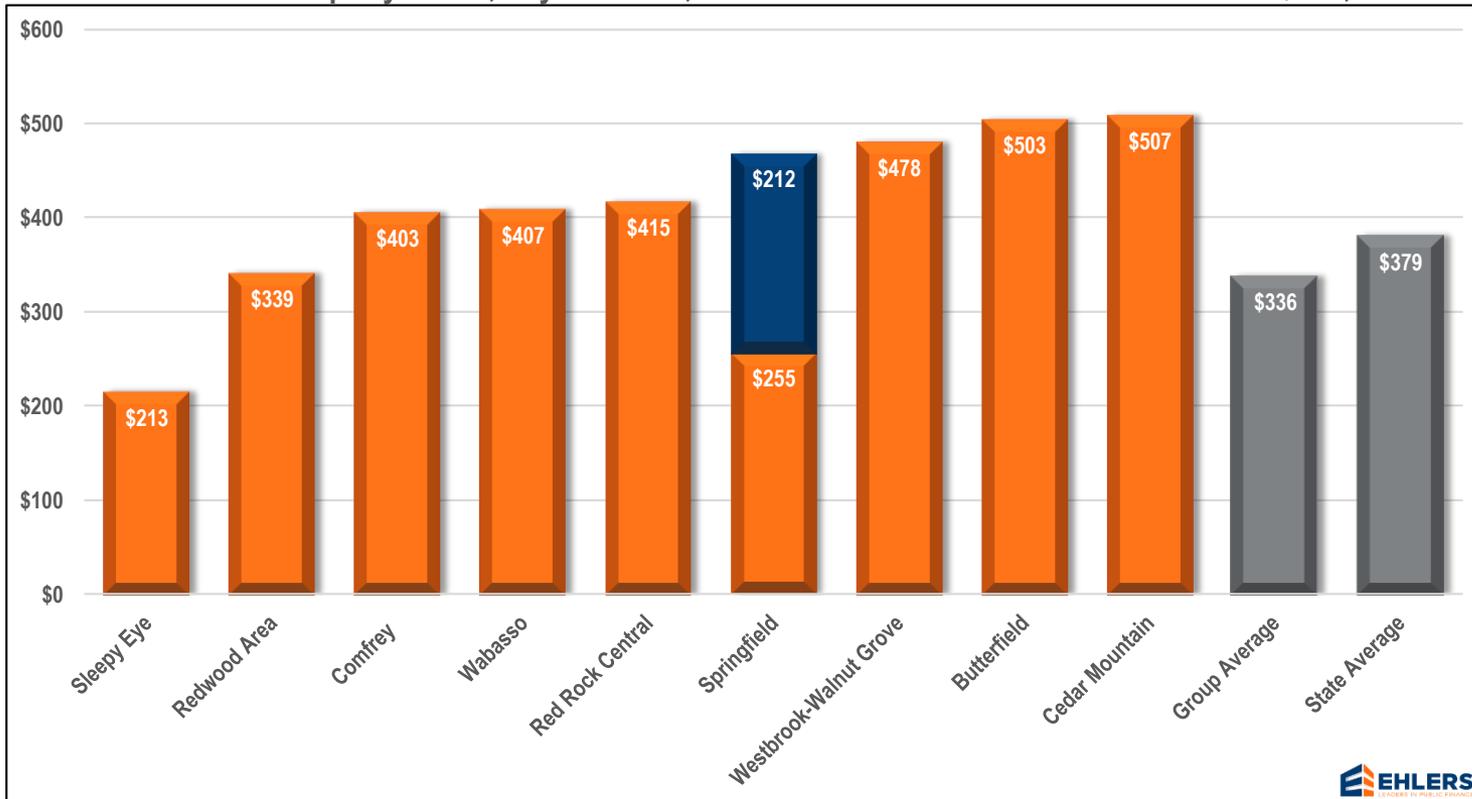
Source: Pay 19 School Tax Report



Comparative Chart \$24.6M Bond

Springfield School District No 085

Total School Property Taxes, Payable 2019, on a Home with Estimated Market Value of \$100,000



Source: Pay 19 School Tax Report





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