DeRuyter CSD Tax Cap 2019-20

The challenges presented by a significant new property investment in the tax cap era

Important Tax Related Dates

- February 1- Tax Cap growth rate set by state
- February 28- Filing due by district for tax cap to state
- March 1- Initial tax roll for upcoming year published by counties
- July 1- Final tax roll published by counties
- July 31- Deadline for challenge of assessment under tax certiorari proceeding by property owner
- Mid-July to Mid-August- Final equalization rates published by state
- Mid-August- District sets tax levy and rates limited by tax cap from February 1

Tax Cap Issues with Timeliness

- February 1 calculation of growth rate is based on the two most recent final tax rolls
- This means that the 2018-19 tax levy amount is controlled by the addition of new properties/construction from July 1, 2016 to July 1, 2017
- Compressor Plant value is 22% of our previous tax values and is NOT reflected in the February 1 growth rate
- It must be included in the calculation of tax rates which causes a significant reduction from $18.61 in 2017 to $15.24 in 2018 per $1,000 of true value

Tax Cap for 2019-20

- Growth rate will be between 21 and 25%
- CPI is likely to be capped at 2%
- No significant changes in local capital expenses (difference between debt service and state aid)
- No tax certioraris
- No judgments above 5% of levy
- Projected tax cap for 2019-20 is likely to be between 23 and 27% with no appreciable increase in property values (compressor plant already factored in for 2018-19 tax rates).

2019-20 Expense Projection/Gap

- With our current assumptions that revenue from state and local sources will be flat, the projected gap between 2019-20 expenses and 2019-20 revenues is 10.54% or just less than $400,000.
- If we assume no change in property values, the tax rate would need to be $16.85 per $1,000 true to cover this gap in 2019-20
- While this is a significant increase from 2018-19’s rate of $15.24, it is still a significant decrease from 2017-18’s rate of $18.62.
- If the full estimated tax cap was used, the rate would be between $18.74 and $19.35 which are in line with the historical rates.
- These rates would raise between $450,000 and $600,000 more than our current projected gap.