

PRELIMINARY INFORMATION - FOR DISCUSSION ONLY

Climax - Shelly School District No. 592

June 10, 2019

Estimated Tax Impact of Ag Credit Legislative Changes 2019

School Bond Agriculture Tax Credit: This property tax credit originated in the 2017 tax bill and took effect with property taxes payable in 2018. The credit reduces taxes for owners of agricultural property in an amount equivalent to 40% of the taxes attributable to school district debt service for all agricultural property, except for the house, garage, and one acre. This credit is directly deducted from property taxes owed and applies to debt service levies for all types of existing and future bonds (except OPEB). This year, the Legislature increased the credit in a phased-in approach, and it will ultimately grow from 40% to a 70% credit. The credit is 50% for property taxes payable in 2020, 55% for taxes payable in 2021, 60% for taxes payable in 2022, and for taxes payable 2023 and later the credit is 70%. The credit is paid through an open and standing appropriation, which means that no action by the Legislature is required each year for this credit to be paid from the state general fund.

Taxes Payable in:	2019	2020	2021	2022	2023
Ag Credit	40%	50%	55%	60%	70%
Estimated Ag Credit	84,186	107,351	118,929	129,380	151,657
Estimated Credit as a Percent of Total Debt Service Levy	36.35%	45.44%	49.99%	54.53%	63.62%

Type of Property	Estimated Market Value	Estimated Annual Taxes on Agricultural Property				
Agricultural Homestead * (dollars per acre)	\$2,000	\$0.44	\$0.38	\$0.34	\$0.30	\$0.23
	3,000	0.67	0.57	0.51	0.46	0.34
	4,000	0.89	0.76	0.68	0.61	0.46
	5,000	1.11	0.94	0.86	0.76	0.57
	6,000	1.33	1.13	1.03	0.91	0.69
Agricultural Non-Homestead * (dollars per acre)	\$2,000	\$0.89	\$0.76	\$0.68	\$0.61	\$0.46
	3,000	1.33	1.13	1.03	0.91	0.69
	4,000	1.78	1.51	1.37	1.21	0.92
	5,000	2.22	1.89	1.71	1.52	1.14
	6,000	2.67	2.27	2.05	1.82	1.37

* Average value per acre is the total estimated market value of all agricultural land & buildings (excluding the house, garage, and one acre of land) divided by total acres.