

# Tax Rate Hearing and Review

August 19, 2021

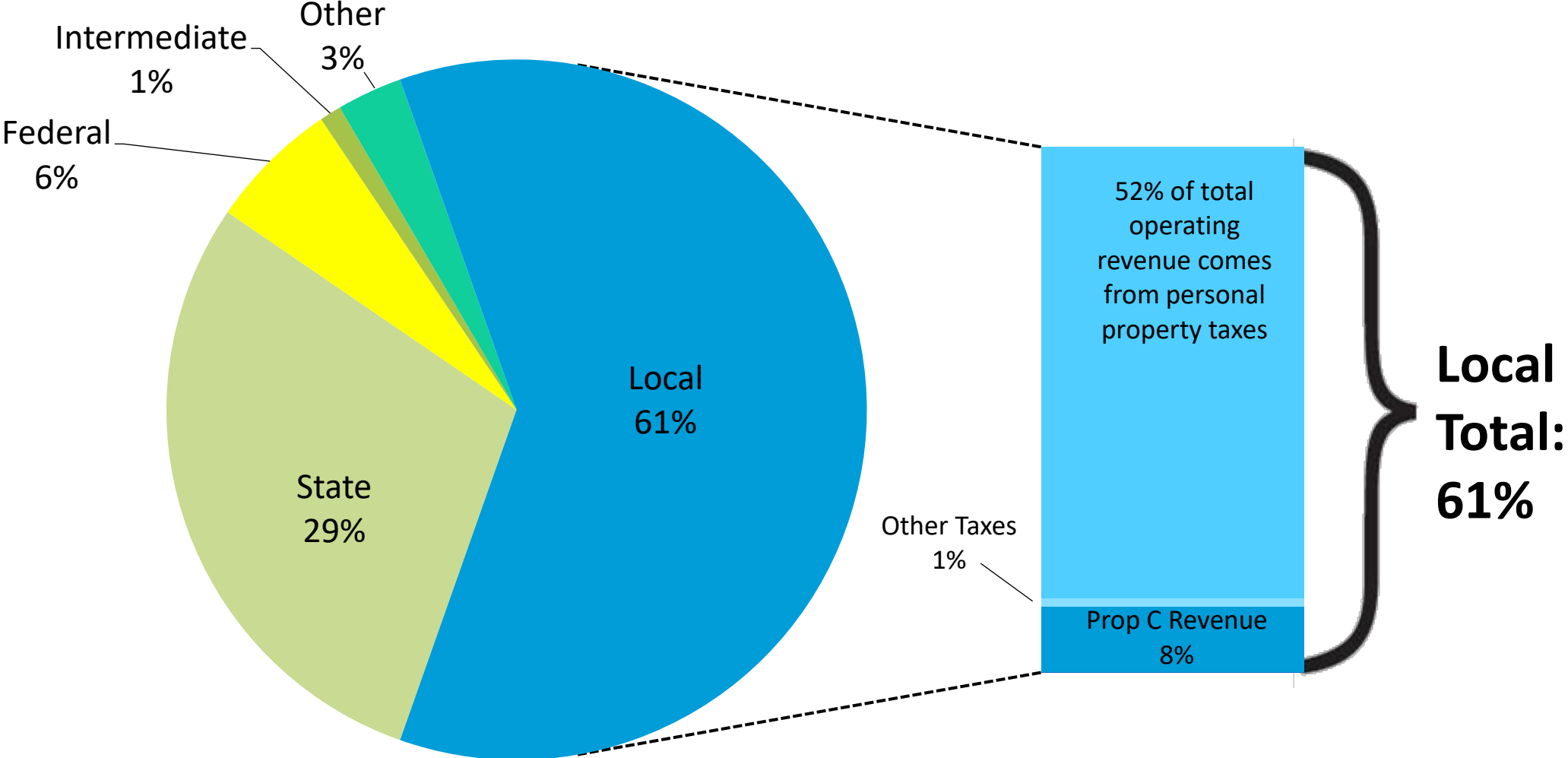


# Levy Set by Fund

|               |  |
|---------------|--|
| <b>Fund 1</b> | <ul style="list-style-type: none"><li>• <b>Incidental/Operating</b></li></ul>  |
| <b>Fund 2</b> | <ul style="list-style-type: none"><li>• <b>Teachers</b></li></ul>  |
| <b>Fund 3</b> | <ul style="list-style-type: none"><li>• <b>Debt Services</b><br/>(special calculation as per state auditor's office)</li></ul> |
| <b>Fund 4</b> | <ul style="list-style-type: none"><li>• <b>Capital Projects</b></li></ul>  |

Funds 1, 2, and 4 are operating funds  
Fund 3—Debt Services Fund

# Operating Revenues—2021-22 Budget



# Board Policy DC-2

## Tax Rate Hearings and Reviews

- Statute requires adoption of the final tax rate levies annually before September 1
- Statute requires at least one public hearing to be held after the budget is adopted
- The tax rate shall be calculated to produce **substantially** the same revenue as budgeted for and as **collected** for property that was on the tax rolls in the previous year



# Blankenship V. Franklin County Decision

Court Case between a taxpayer, a county collector and a school district:

- Taxpayer challenged whether part of the tax rate calculations are constitutional
- Court of Appeals found in favor of the taxpayer 619 S.W.3d 491 (MO App ED 2021) on March 2, 2021 and held that Section 137.073.5(2) is unconstitutional to the extent it raises the rate above the voter approved rate
- Section 137.073.2, RSMo, provides that taxing entities that passed a voter approved increase after August 27, 2008, may levy a rate that is greater of the increase approved by the voters or the adjusted voted approved increased provided by Section 137.073.5(2) (CPS passed levies in 2012 and 2016)
- Tax rates that do not comply with the decision must be revised to remove the Section 137.073.5(2), RSMo adjustment
- CPS levy adjustment for 2021 is **\$.3284 ~ \$8 million** in revenue

# Considerations Necessary to Compute the Tax Rate

**A/V**

- Assessed valuation increase over prior year

**Prop C**

- Proposition C rate rollback

**Debt**

- Debt service allowable and necessary levy

**Hancock**

- Hancock Amendment considerations

# Debt Service Calculation for 2021-22

|   | Debt Service Fund |
|---|-------------------|
| Allowable debt service levy per State Auditor calculation | \$1.0137          |
| Total maximum authorized                                  | \$1.0137          |
| Less voluntary debt service rollback                      | \$(0.0418)        |
| <b>Net recommended for 2021-22</b>                        | <b>\$0.9719</b>   |

# Proposition C Revenues (Statutory Rollback)

- “Proposition C” is the state’s one-cent sales tax, dedicated to education, approved by Missouri voters in 1982
- Property tax rate (tax levy) is reduced or increased to equal one-half of the adjusted Proposition C revenue received and maintain district revenues
- Columbia Public Schools does not have a full or partial waiver of Proposition C approved by voters
- 95% of Missouri school districts have a full or partial Prop C waiver



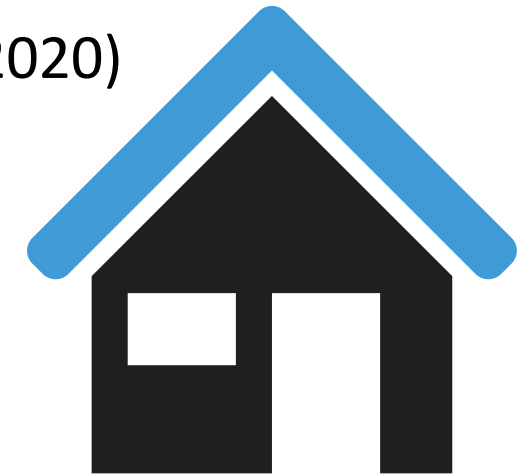
# Proposition C Rollback Calculation

## Prior Year Actual Receipts Shared with Taxpayers

|   | 2018-19         | 2019-20         | 2020-21         | 2021-22         |
|---|-----------------|-----------------|-----------------|-----------------|
| Net Prop C revenue on Annual Secretary of the Board Report per accrual basis from previous year   | \$17,163,794    | \$18,097,029    | \$18,460,443    | \$20,211,127    |
| ½ of total Prop C revenue on Prop C rollback  | \$8,581,897     | \$9,048,515     | \$9,230,222     | \$10,105,564    |
| Adjusted ½ of Prop C revenue<br>(adjusted for 1994 move of apartments from commercial to residential and prior year accrual adjustment; also adjusted for cost of collection and accrual for SARRU) | \$7,479,906     | \$7,882,575     | \$8,033,411     | \$8,813,706     |
| Assessed valuation at time of setting rate  | \$2,464,948,208 | \$2,604,077,057 | \$2,651,032,539 | \$2,813,969,103 |
| Rollback on tax levy  | \$0.3044        | \$0.3025        | \$0.3030        | \$0.3132        |
| Increase (decrease) in Prop C rollback from previous year   | \$0.0023        | \$(0.0019)      | \$(0.0019)      | \$0.0102        |

# Assessed Valuation Components

- **New construction and improvements**
  - By statute, all new tax revenue from new construction, improvements, and personal property is collectible by the school district
- **Reassessment typically occurs every 4 years in Boone County**
  - Reassessment occurred in the Spring of 2019 and again in the Spring of 2021 prior to the previous Assessor leaving office
- **Tax Increment Financing (TIF) properties**
  - The current assessed valuation of TIF properties is deducted from the assessed valuation provided by the county
  - 2021 preliminary TIF values equal \$3,447,795
- **Under the Hancock Amendment, growth in value of existing (2020) property is the lesser of:**
  - Actual increase in value (currently **3.884%**—does not include new construction/improvements)
  - Consumer Price Index (1.400%)
  - Statutory maximum increase of 5%
- **The permitted revenue growth on property on the books in 2021 is **1.400%****



# Assessed Valuation Summary

|                          | Final 2020             | Preliminary 2021       |
|--------------------------|------------------------|------------------------|
| Total assessed valuation | \$2,673,348,589        | \$2,817,416,898        |
| Less: TIF properties     | (3,447,795)            | (3,447,795)            |
| <b>Total value</b>       | <b>\$2,669,900,794</b> | <b>\$2,813,969,103</b> |

Increase in assessed valuation

**\$144,068,309**  
5.40%

Less amount certified by County Clerk  
as new construction, improvements

**\$(40,381,213)**

Net change in assessed valuation of existing  
2020 property (without new construction)

**\$103,687,096**

Change in assessed valuation after allowing for new  
construction, improvements, and personal property

**3.884%**

# Assessed Valuation History

|  | 2020-21<br>Final       | 2021-22<br>Preliminary | Change<br>2021 to 2022 |
|--|------------------------|------------------------|------------------------|
| Real estate:   |                        |                        |                        |
| Residential (19%)  | \$1,588,377,065        | \$1,696,536,660        | \$108,159,595          |
| Agricultural (12%)   | \$14,270,616           | \$13,562,129           | \$(708,487)            |
| Commercial (32%)   | \$600,716,126          | \$611,117,062          | \$10,400,936           |
| Total real estate  | \$2,203,363,807        | \$2,321,215,851        | \$117,852,044          |
| Personal property  | \$469,984,782          | \$496,201,047          | \$26,216,265           |
| <b>Total assessed valuation</b>  | <b>\$2,673,348,589</b> | <b>\$2,817,416,898</b> | <b>\$144,068,309</b>   |
| Increase (decrease) from prior year, including new construction              | \$54,669,172           | \$144,068,309          | \$89,399,137           |
| Percentage increase (decrease) in assessed valuation                         | 2.09%                  | 5.39%                  | 3.30%                  |
| Less: TIF properties   | \$(3,447,795)          | \$(3,447,795)          | \$0                    |
| <b>Assessed valuation CPS earns tax revenue from</b>                         | <b>\$2,669,900,794</b> | <b>\$2,813,969,103</b> | <b>\$144,068,309</b>   |
| Net increase (decrease) percentage in assessed valuation after TIF reduction | 2.09%                  | 5.40%                  | 3.31%                  |

# Operating Tax Levy Calculation

|   | 2019-20         | 2020-21         | 2021-22         |
|---|-----------------|-----------------|-----------------|
| Prior year tax rate ceiling                                       | \$5.4750        | \$5.5385        | \$5.5386        |
| Prior year voluntary rollbacks                                    | \$0.0000        | \$0.0000        | \$(0.1091)      |
| Blankenship v. Franklin County<br>Section 137.073.5(2) adjustment | \$0.0000        | \$0.0000        | \$(0.3284)      |
| Prior Year tax rate ceiling (adjusted)                            |                 |                 | \$5.1011        |
| Maximum operating levy authorized<br>by voters                    | \$5.5850        | \$5.5850        | \$5.1437        |
| Current year tax rate ceiling                                     | \$5.4294        | \$5.5386        | \$5.0345        |
| Less required Proposition C rollback                              | \$(0.3025)      | \$(0.3030)      | \$(0.3132)      |
| Less voluntary rollback   | \$0.0000        | \$(0.1091)      | \$0.0000        |
| <b>Net recommended for 2021-22</b>                                | <b>\$5.1269</b> | <b>\$5.1265</b> | <b>\$4.7213</b> |

# Proposed Tax Rate, All Funds, 2021-22

|                              | 2020-21         | Proposed<br>2021-22 | Change            |
|------------------------------|-----------------|---------------------|-------------------|
| Incidental Fund              | \$2.0107        | \$1.6055            | \$(0.4052)        |
| Teachers Fund                | 3.0158          | 3.0158              | -                 |
| Capital Projects Fund        | 0.1000          | 0.1000              | -                 |
| <b>Total Operating Funds</b> | <b>\$5.1265</b> | <b>\$4.7213</b>     | <b>\$(0.4052)</b> |
| Debt Service                 | 0.9719          | 0.9719              | -                 |
| <b>Total Levy</b>            | <b>\$6.0984</b> | <b>\$5.6932</b>     | <b>\$(0.4052)</b> |

# Property Tax Revenue

|                       | 2020-21              | Budget<br>2021-22    | Proposed<br>2021-22  | Difference           |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Tax Rate              | \$6.0984             | \$6.0984             | \$5.6932             | \$(0.4052)           |
| Assessed Valuation    | \$2,673,348,589      | \$2,726,815,561      | \$2,817,416,898      | \$90,601,337         |
| New Construction      | \$34,036,705         | \$35,000,000         | \$40,381,213         | \$5,381,213          |
| Collection Percentage | 94.90%               | 94.90%               | 94.90%               | -                    |
| Revenue               | <b>\$127,466,987</b> | <b>\$129,908,687</b> | <b>\$123,409,814</b> | <b>\$(6,498,873)</b> |

# Impact of Tax Rate Increase to Average Homeowner

|  | 2020-21        | Projected<br>2021-22 | Change      |
|--|----------------|----------------------|-------------|
| Average value of a home in Boone County      | \$232,500      | \$250,000            | \$17,500    |
| Level of assessment for residential property | .19            | .19                  | -           |
| Assessed valuation                           | \$44,175       | \$47,500             | \$3,325     |
| Divided by \$100 to determine tax base       | \$100          | \$100                | -           |
| Value on which property tax is calculated    | \$442          | \$475                | \$33        |
| Tax rate                                     | \$6.0984       | \$5.6932             | \$(0.4052)  |
| <b>Annual property tax</b>                   | <b>\$2,694</b> | <b>\$2,704</b>       | <b>\$10</b> |

The estimated increase prior to the Blankenship v Franklin County and Hancock Amendment adjustment was \$203.

# CPS Tax Rate History

| Year    | Operating Levy |   | Capital Projects Levy |   | Debt Service Levy |   | Total Tax Rate Levied | Change in Total Rate from Prior Year |
|---------|----------------|---|-----------------------|---|-------------------|---|-----------------------|--------------------------------------|
| 2012-13 | \$4.3293*      | + | \$0.1507              | + | \$0.9219*         | = | \$5.4019              | \$0.5207*                            |
| 2013-14 | \$4.3913       | + | \$0.1007              | + | \$0.9319          | = | \$5.4239              | \$0.0220                             |
| 2014-15 | \$4.4413       | + | \$0.0736              | + | \$0.9719*         | = | \$5.4868              | \$0.0629*                            |
| 2015-16 | \$4.4201       | + | \$0.0736              | + | \$0.9719          | = | \$5.4656              | \$(0.0212)                           |
| 2016-17 | \$4.9711*      | + | \$0.1000              | + | \$0.9719          | = | \$6.0430              | \$0.5774*                            |
| 2017-18 | \$4.9836       | + | \$0.1000              | + | \$0.9719          | = | \$6.0555              | \$0.0125                             |
| 2018-19 | \$5.0736*      | + | \$0.1000              | + | \$0.9719          | = | \$6.1425              | \$0.0870*                            |
| 2019-20 | \$5.0269       | + | \$0.1000              | + | \$0.9719          | = | \$6.0988              | \$(0.0437)                           |
| 2020-21 | \$5.0265       | + | \$0.1000              | + | \$0.9719          | = | \$6.0984              | \$(0.0004)                           |
| 2021-22 | \$4.6213       | + | \$0.1000              | + | \$0.9719          | = | \$5.6932              | \$(0.4052)                           |

\*Voter authorized increases

# Tax Rate Hearing and Review

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