

# Understanding Tax Structure and Goals The Budget Process



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# Transparency and Clarity for Taxpayers



**Goal:** A key goal of the Woodbury County Board of Supervisors is to keep tax rates on all residents at or below the current level. A current frustration of taxpayers is when elected officials claim to have “held the line” on property taxes and yet see their taxes go up. Simply put, this is because of the following:

**Valuation**    **X**    **Tax Rate**    **=**    **Tax Askings**

*Tax base to which the rate is applied and over which the levy is spread*

*Amount of tax per \$1,000 of value the taxpayer owes*

*Dollars generated by the tax*

# The Effective Property Tax Increase



- Even with a slightly **less** tax rate on a home reassessed at **more** value, taxes go up. For example, a homeowner sees a 1.5% reduction in a certain levy rate but a 4% increase in the assessed value of her home.
- This will be a pivotal policy discussion in future years with CF Industries revenue because if we simply keep rates the same in 2018 and beyond, county government will continue to grow. This year will set a precedence for the practice of prioritizing the property taxpayer.

# “Holding the Line”: Tax Askings, Tax Rate



- Even without **increased valuation**, levying at the same rate across all funds (General Basic, General Supplemental, Rural Basic, etc.) when there is **increased new growth** would result in more “tax askings”= total generated revenue to county government.
- By statute, we levy \$3.50 / \$1,000 in General Basic and have no desire to exceed the cap nor increase other rates. In fact, we can decrease other rates such as General Supplemental and Rural Basic to effectively lower the overall tax rate.

# A One Year Goal to Decrease Tax Rate, Askings



- ❧ This is a challenge when wages, CPI, and other costs increase.
- ❧ It will take smart planning, prioritization of needs vs. wants, and cooperation on the part of all elected officials and department heads.
- ❧ We have begun several strategies for getting to the point where this can be a reality for the FY 2016 budget (shifts in funds, 50% YTD cuts).
- ❧ We can commit to holding / decreasing tax rates in future years and for the first time in decades, actually ask less of Woodbury County taxpayers.
- ❧ We will also look to future growth in revenue.

# General Basic



- ☞ We started with \$919,502 in General Basic expenditures over Revenues.
  - ☞ We are down to \$537,161 of “work left to do” (see Exhibit A)
  - ☞ Our goal is to get to **ZERO**.
- ☞ We have seen great cooperation so far on behalf of Department Heads and Elected Officials regarding FY 15 Items that have not been expended at 50% YTD, which raises the question if some line items are over budgeted.
- ☞ However, this is not the ONLY FUND and you must understand the following...

# General Supplemental and Other Funds



☞ In General Supplemental, we have decreased the total tax askings by \$778,956. With Debt Service, Mental Health Services, and General Supplemental, here are the current totals.

☞ FY 2015      \$31,558,120

☞ FY 2016      \$31,183,282

☞ **DIFFERENCE    \$-374,838**

**-1.19%**

A large yellow circle containing the text '-1.19%' in a bold, black font, representing the percentage change in total tax askings from FY 2015 to FY 2016.

Conclusion:  
Woodbury County Taxpayers' tax  
bills are going down.



# Questions & Comments

