

# 2022 Budget and Tax Levy Impacts

## Comfort Lake-Forest Lake Watershed District (9/10/21)



### Introduction

Each year the Comfort Lake-Forest Lake Watershed District (CLFLWD) sets its annual budget, including an approved expense budget and tax levy. At its September 9, 2021 regular meeting, the Board will consider adopting resolution 21-09-01 approving a 2022 expense budget of \$4,115,746 and an ad valorem levy of \$1,622,500 on property within the District. The 2022 expense budget is not only supported by the levy, but with several grants, partner organization contributions, regulatory fees, and a zero-interest Clean Water Partnership loan. By leveraging these other sources of revenue, the District maintains its ability to implement water quality improvement programs and projects at an aggressive pace. The District is currently on track to achieve its long-term water quality goals for all of its major waterbodies roughly 15 years in advance of the original goal date. District staff and managers are excited to be making such speedy progress in improving local water resources. More information on our progress is available in our 2020 Annual Report and 2020 Progress Report at [www.clflwd.org/AnnualReportsandAudits.php](http://www.clflwd.org/AnnualReportsandAudits.php).

### Estimated Market Value, Net Tax Capacity, and District Levy

The table below shows the District's estimated market value (EMV) (estimated value of properties in the District), net tax capacity (NTC) (total amount of taxable property within our boundaries) and District levy (amount actually taxed by CLFLWD on properties within our boundaries) and how they've increased since 2014. The apportionment of the District's levy to each of its two contiguous counties is based on the previous year's actual apportionment of the NTC (e.g., Washington County's 2021 NTC drives Washington County's portion of the 2022 levy).

EMV, NTC, Levy						
Budget Year	Estimated Market Value (EMV) (Prior Year Basis)*	Net Tax Capacity (NTC) (Prior Year Basis)*	Budget Year Levy	Ratio Levy/Estimated Market Value	Ratio Levy/Net Tax Capacity	Ratio Year/Year Levy Increase
2014	\$1,470,005,400	\$14,824,066	\$755,000	0.05%	5.09%	
2015	\$1,470,005,400	\$14,032,122	\$755,000	0.05%	5.38%	0%
2016	\$1,602,023,700	\$14,824,066	\$803,650	0.05%	5.42%	6%
2017	\$1,679,944,600	\$16,215,018	\$998,000	0.06%	6.15%	24%
2018	\$1,747,607,400	\$18,053,592	\$1,200,000	0.07%	6.65%	20%
2019	\$1,826,385,900	\$18,955,914	\$1,300,000	0.07%	6.86%	8%
2020	\$2,068,377,700	\$20,586,584	\$1,400,000	0.07%	6.80%	8%
2021	\$2,200,044,800	\$21,733,418	\$1,475,000	0.07%	6.79%	5%
2022	\$2,294,312,700	\$22,805,705	\$1,622,500	0.07%	7.11%	10%

\*Government Budgets, and the levies needed to support them, are always for the coming (next) year. However, the basis for the levy (i.e., the Estimated Market Value (EMV) and Net Tax Capacity (NTC) data) is from the year prior to the budget year. E.g., the 2022 line above indicates the 2021 EMV and 2021 NTC because the 2022 EMV and 2022 NTC are not yet calculated.

## Levy Apportionment

Each year, the MN Department of Revenue sends the District its net tax capacity percent distribution based on the net tax capacity from each county within the District. This distribution is used to determine the percentage of the District levy that is levied to each county. In 2015, Chisago County composed 20% of the District's total net tax capacity. In 2021, Chisago County composed 24% of the District's net tax capacity. Washington County composed the remaining 80%, 76%, respectively. Over time, the Chisago County portion of the District's total net tax capacity has increased. The following table shows the 2021 net tax capacities and resulting levy apportionment.

County	Payable 2021 Taxable Net Tax Capacity	Net Tax Capacity Percent Distribution	Apportioned Payable 2022 Levy
Chisago County	\$5,515,747	24.1858%	\$392,415
Washington County	\$17,289,958	75.8142%	\$1,230,085
Watershed Total	\$22,805,705	100.0000%	\$1,622,500

## 2022 Tax Impacts

Property taxes in Minnesota are some of the most complicated in the country, with multiple exclusions and other factors affecting the calculations. Washington County and Chisago County each have a tax impact calculator tool that helps work through complicated equations in order to estimate the District levy's impact on its property owners. The tax impact calculators use estimated 2022 net tax capacity values to drive the equations. As such, the resulting impact values are considered estimates.

Below are two estimated 2022 tax impact scenarios – the left scenario is for the Board's proposed 2022 levy, the right is a theoretical scenario for comparison purposes.

2022 Est. Tax Impacts  
Median Home Value  
**Board Proposed Levy**  
**Levy @ \$1,622,500**

Chisago County:

- 2021 actual median home value: \$331,000
- 2021 actual tax impact: \$205.29
- 2022 est. median home value: \$342,000
- 2022 est. impact: \$224.99
- 2022 est. change from prev. year: +\$19.70 (+9.6%)
- 2022 est. increase per \$100,000 in home value: +\$2.59 (+5.7%)

Washington County:

- 2021 actual median home value: \$293,700
- 2021 actual impact: \$163.54
- 2022 est. median home value: \$302,700
- 2022 est. impact: \$175.27
- 2022 est. change from prev. year: +\$11.73 (+7.2%)
- 2022 est. increase per \$100,000 in home value: +\$1.48 (+3.6%)

2022 Est. Tax Impacts  
Median Home Value  
**Comparison Scenario**  
**Levy @ \$1,475,000 (no change from 2021)**

Chisago County:

- 2021 actual median home value: \$331,000
- 2021 actual tax impact: \$205.29
- 2022 est. median home value: \$342,000
- 2022 est. impact: \$204.55
- 2022 est. change from prev. year: -\$0.74 (-0.4%)

Washington County:

- 2021 actual median home value: \$293,700
- 2021 actual impact: \$163.54
- 2022 est. median home value: \$302,700
- 2022 estimated impact: \$157.36
- 2022 est. change from prev. year: -\$6.18 (-3.8%)