

# 2023 Budget and Tax Levy Impacts

## Comfort Lake-Forest Lake Watershed District (9/8/22)



### 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 8, 2022 regular meeting, the Board adopted a resolution approving a 2023 expense budget of \$4,944,689 and an ad valorem levy of \$1,622,500 on property within the District. The 2023 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 accelerated 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 rapid progress in improving local water resources. More information on our progress is available in our 2021 Annual Report and 2021 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), District levy (amount actually taxed by CLFLWD on properties within our boundaries), and estimated tax impact and how they’ve increased since 2017. 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 2022 NTC drives Washington County’s portion of the 2023 levy). Chisago County’s median tax impact outpaces Washington County’s due to the increasing apportionment of the NTC (see Levy Apportionment section below).

Summary Table of EMV, NTC, Levy, Impact								
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	Washington Co. Median Tax Impact	Chisago Co. Median Tax Impact
2017	\$1,679,944,600	\$16,215,018	\$998,000	0.06%	6.15%	24%	\$133.17	\$123.03
2018	\$1,747,607,400	\$18,053,592	\$1,200,000	0.07%	6.65%	20%	\$135.42	\$139.44
2019	\$1,826,385,900	\$18,955,914	\$1,300,000	0.07%	6.86%	8%	\$144.61	\$140.58
2020	\$2,068,377,700	\$20,586,584	\$1,400,000	0.07%	6.80%	8%	\$162.33	\$152.36
2021	\$2,200,044,800	\$21,733,418	\$1,475,000	0.07%	6.79%	5%	\$163.54	\$205.29
2022	\$2,294,312,700	\$22,805,705	\$1,622,500	0.07%	7.11%	10%	\$175.27	\$224.99
2023	\$2,406,482,200	\$24,076,992	\$1,622,500	0.07%	6.74%	0%	\$184.35	\$226.22

\*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 2023 line above indicates the 2022 EMV and 2022 NTC because the 2023 EMV and 2023 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 2022, 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 2022 net tax capacities and resulting 2023 levy apportionment.

County	Payable 2022 Taxable Net Tax Capacity	Net Tax Capacity Percent Distribution	Apportioned Payable 2023 Levy
Chisago County	\$5,839,596	24.2538%	\$393,518
Washington County	\$18,237,396	75.7462%	\$1,228,982
Watershed Total	\$24,076,992	100.0000%	\$1,622,500

## 2023 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. Washington County releases their calculator annually in mid-late August. Chisago County creates a similar calculator upon CLFLWD request each year. The tax impact calculators use estimated 2023 net tax capacity values to drive the equations. As such, the resulting impact values are considered estimates.

The median home value in each county is expected to increase from last year. As such, the median home will have a proportionally increasing tax impact, even though the levy is not increasing. Alternatively, calculating the tax impact for the *exact same* value of home from 2022 to 2023 would result in a lower tax impact. For example, the tax impact for a \$304,700 home in Washington County was \$176.90 in 2022. The tax impact for a \$304,700 home in Washington County would be \$140.40 in 2023. If the home value doesn't increase, then the tax impact decreases, but if the home value increases, then the tax impact may increase. In other words, for Washington County, the local taxable *value* increased by 26%. The local tax *rate* decreased by 20%. Since the taxable value increased more than the tax rate decreased, we see an overall increase in tax impact.

### **2023 Estimated Tax Impacts: Median Home Value** **Board Approved Levy: \$1,622,500**

Chisago County:

- 2022 estimated median home value: \$342,000
- 2022 estimated tax impact: \$224.99
- 2023 est. median home value: \$418,745
- 2023 est. impact: \$226.22
- 2023 est. change from prev. year: +\$1.23 (+0.5%)

Washington County:

- 2022 actual median home value: \$304,700
- 2022 actual impact: \$176.90
- 2023 est. median home value: \$389,400
- 2023 est. impact: \$184.35
- 2023 est. change from prev. year: +\$7.45 (+4.21%)