

Southeast Community College Bond Proposal

Implications for Agricultural Taxpayers

Southeast Community College is submitting a bond proposal in November to voters in its 15-county area. The proposal will ask voters whether the SCC board should be given the authority to issue up to \$369 million in bonds. The bond proceeds would be used for facilities renovation and construction.

Nebraska Farm Bureau estimated the increased property taxes on farm property in the 15-county area if SCC proposed bond issue were approved by voters. The analysis uses 2015 valuation and tax data from the Nebraska Dept. of Revenue and estimates the increased taxes on agricultural land, agricultural machinery and equipment, and outbuildings and farm sites. The estimates do not include increased taxes on farm homes or home sites.

The analysis assumes the annual levy to repay the bonds will equal 3.9 cents per \$100 value, the bonds issued will total \$369 million, and the repayment period will be 25 years. In reality, the bonds will be issued over a multi-year period so the levy will not immediately ramp up to 3.9 cents and the repayment period could be different. Moreover, changes over time in assessed values will affect tax rates and repayment periods. However, the estimates can provide a glimpse of the magnitude of the expected tax increases should the SCC bond measure pass.

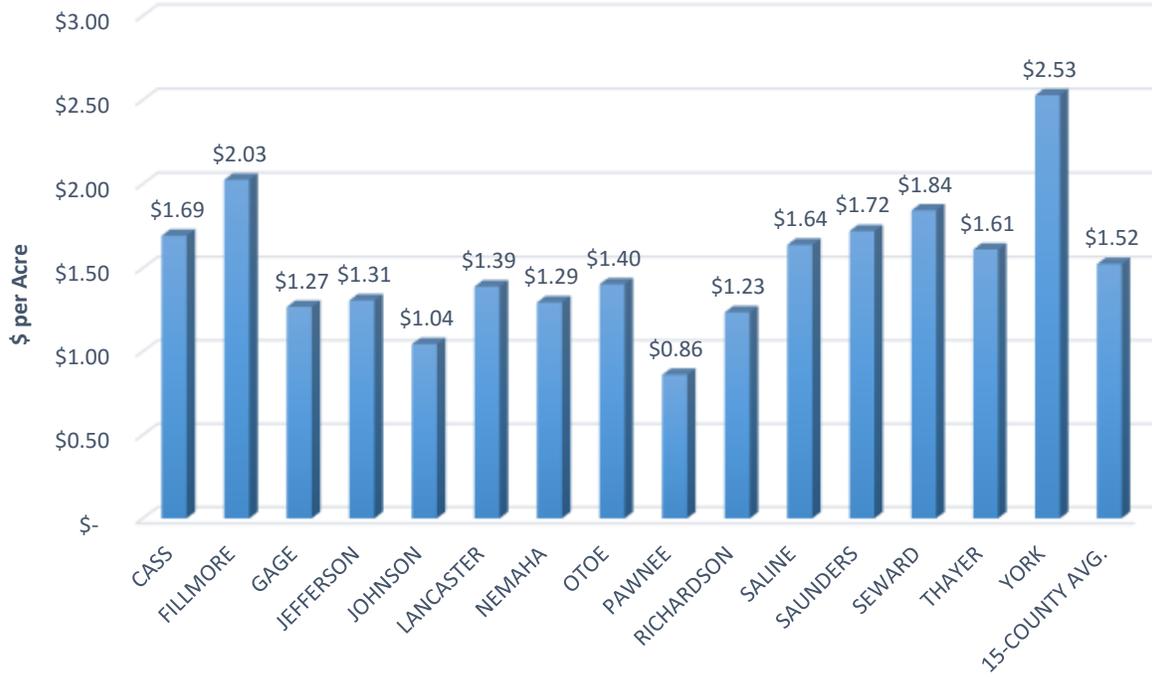
Summary:

- SCC's levy in 2015 was 7.57 cents per \$100 value. With the bond levy of 3.9 cents, the total SCC levy would be 11.47 cents per \$100 value—an increase of 51%.
- The additional property taxes collected for bond repayment would equal \$20.9 million annually. Property taxes collected by SCC in 2015 amounted to \$40.5 million.
- Additional property taxes collected over the 25-year period for bond repayment would amount to almost \$523 million.
- Farmers in the 15-county region will pay on average another \$1.52/acre in property taxes each year for bond repayment. Farmers in York County will face the largest average per acre increase (\$2.53/acre), followed Fillmore County (\$2.03/acre), and Seward County (\$1.84/acre). (SEE CHART BELOW)
- Farmers in the 15-county SCC area would collectively pay an additional \$8.4 million in property taxes each year on their farm property.
- Annual taxes on farm property in York (\$928,845), Saunders (\$771,466) and Fillmore (\$753,529) counties would increase the most in the 15-county area. (SEE CHART BELOW)
- Farmers in the 15 counties would pay over \$209 million in additional property taxes over the 25-year period to repay the bonds. (SEE CHART BELOW)
- In 2015, farmers in the region paid on average \$51.65 per acre in property taxes on their agricultural land. For a 1,000 acre farm, this amounts to \$51,650 each year.

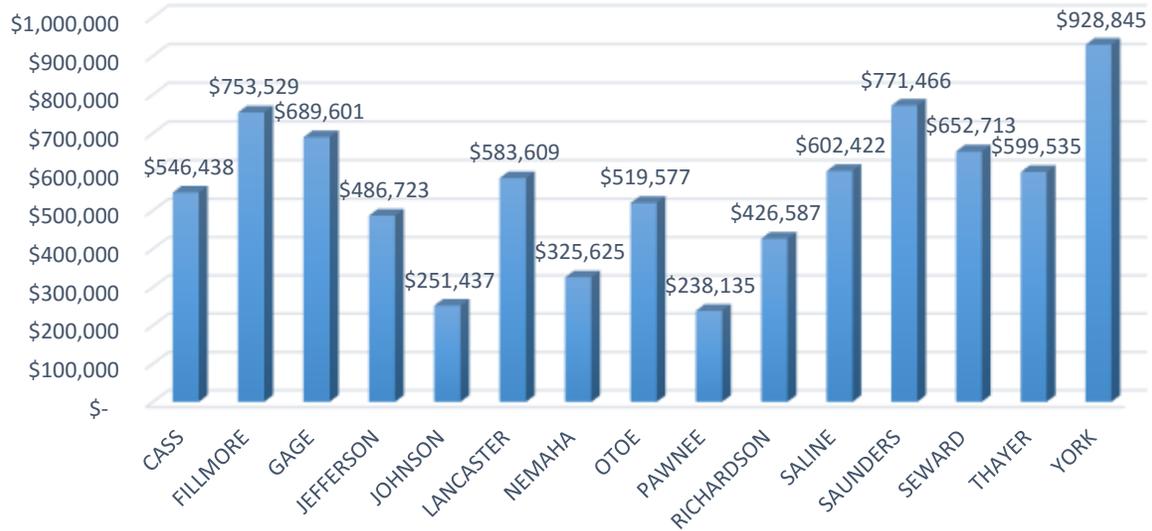
Details:

The analysis estimates the amount of additional taxes in each county had the bonds been in place for 2015. For example, if the 3.9 cent levy had been in place in 2015, property taxes on agricultural land, agricultural machinery, outbuildings and farm sites in Cass county would have increased \$546,438 (SEE CHART BELOW). To estimate taxes over the life of the bonds, it was assumed valuations and tax rates remained the same over the 25-year period and the annual estimates were summed over the 25-year period. Again, using Cass county as an example, if the increased taxes were in effect over 25 years, it would amount to a tax increase of \$13.6 million on farmers in that county.

Average Per Acre Tax Increase with SCC Bond Levy



Annual Property Tax Increase on Ag Property from SCC Bond



Total Tax Increase (25 yr.) of Ag Property from SCC Bond

