Microsoft Teams Navigation

Teams Buttons

- Participant list
- Chat box
- “Raise your hand” – click once to raise your hand, click again to put your hand down

- Do not share your video
- Mute your microphone
- Do not present your screen
Topics

- Section 7002 eligibility requirements
- Completing the application
- Documenting eligibility
- Calculating payments
- Consolidations/Annexations
Section 7002 Overview
Federal Acquisition of Real Property

- Reimburses local educational agencies (LEAs) for tax revenue lost by the removal from the tax rolls of land acquired by the Federal government since 1938.

- Value of Federal property equal to at least 10 percent of the LEA’s total assessed value at time or times of acquisition.

- 215 applicants for FY 2022.

- Examples of Federal Property Claimed:
  - National Forests, Grasslands & Scenic River Ways
  - Dams and Reservoirs & Lakes
  - National Wildlife Refuges & Military Installations
With legislative changes, NEW APPLICANTS MAY NOW APPLY FOR CONSIDERATION

New applicants must document:
- Acquisition of Federal property since 1938
- Total assessed value of district at time or times of acquisition
- Information listed on Exhibits A and B MUST be submitted to assess eligibility
- If the information listed on Exhibits A and B is not submitted by the June 30th following the application submission, the application will not be considered
- New applicants who are first applying in FY 2023 must have submit supporting documents by June 30, 2022
Section 7002 Overview
Completing the Application

- Total federal acres in LEA
- Federal revenue received from those lands (if any)
- Total acres in the LEA (to include Federal acres)
- Total taxable value of LEA
- Tax rate for current operating expenditures
# Section 7002 Application – Eligible Acres

Section 7002 Eligible Federal Property in the Local Educational Agency

### Applicant Information
- **Applicant Name:** [Name]
- **Application Number:** [Number]
- **School Year:** 2019-2020

### Instructions
List all Section 7002-eligible Federal property in the LEA. When the eligible federal property is located in more than one jurisdiction, enter the total number of acres in each jurisdiction. In column 1, enter the name of the Section 7002-eligible Federal property. In column 2, enter the name of the corresponding taxing jurisdiction. In column 3, enter the number of acres associated with and approved as eligible federal acres for the purposes of the Impact Aid Program.

### Table
<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Section 7002-Eligible Federal Property</td>
<td>Taxing Jurisdiction</td>
<td>Number of Section 7002-eligible acres</td>
</tr>
<tr>
<td>Mark Twain National Forest</td>
<td>Johnson County</td>
<td>2,000</td>
</tr>
</tbody>
</table>

### Total
TOTAL: 2,000

If the federal Impact Aid Program Section 7002-eligible acres total has changed from the FY 2020 application, you must provide an explanation and upload official documentation for the change in IAGS.
## Section 7002 Application – Revenue

### Revenue from Eligible Federal Property

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Revenue (If Federal, also list Federal agency and program.)</td>
<td>Funds Received During Fiscal Year 2018-2019</td>
</tr>
<tr>
<td>Timber Revenues</td>
<td>$4,000</td>
</tr>
</tbody>
</table>

**TOTAL:** $4,000

---

All applicants must complete this table.
Prorating Revenue

—if revenue exceeds maximum payment, LEA is ineligible for any payment

—Should prorate revenue amount to reduce reportable amount

—Enter prorated amount of revenue on application
$20,000 timber revenue x 20% = $4,000 of revenue needs to be reported
## Section 7002 Application – Total acreage and Taxable Value

### Total Acreage and Taxable Value in the Local Educational Agency

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>Application Number:</th>
<th>School Year:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>--2021-</td>
<td>2019-2020</td>
</tr>
</tbody>
</table>

**Instructions:** Enter the total acreage located in the local educational agency (LEA) and the total taxable value for the purpose of levying property tax for school purposes for current expenditures of real property located within the boundaries of the local educational agency (LEA). In column 1, enter the name of the taxing jurisdiction. In column 2, enter the total acres located in the LEA boundaries or taxing jurisdiction (including the Section 7002-eligible acres, other non-taxable acres, and water acreage). In column 3, enter the total taxable value, for the purposes of levying property tax for school purposes for current expenditures, of the acres listed in column 2, for the prior fiscal year (e.g., use fiscal year 2019-2020 for the FY 2021 application or the specific taxable value as of January 2020). If the LEA is located in more than one taxing jurisdiction (e.g., two counties) or contains more than one taxing jurisdiction (e.g., two townships), enter the information for each jurisdiction separately.

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Taxing Jurisdiction (e.g., township name, city name, county name, etc.)</td>
<td>Total Acres located in LEA boundaries (or taxing jurisdiction)</td>
<td>Total Taxable Value of Real Property in the LEA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-</td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>

**UPLOAD REQUIRED in G5 Application - PDF format**

1. Upload the source of the official data, such as a document from your State's website, or website URL;
2. If the documentation was obtained directly from a local official (e.g., local tax assessor), you must submit a certification by that official that includes the person's name, title, email address, and telephone number.
**Section 7002 Application – Tax Levy**

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of taxing jurisdiction (e.g., school district name, township name, city name, county name, etc.)</td>
<td>Tax Rate for Current Operating Expenditures for This LEA for Fiscal Year 2019-2020 (e.g., 2.5 mills per $1)</td>
</tr>
<tr>
<td>ABC School District</td>
<td>2.75 dollars $100 0.0275</td>
</tr>
</tbody>
</table>

Instructions: Enter the local real property tax levy, in mills or dollars, that was used to raise funds for current operating expenditures for the local educational agency (LEA) for the prior fiscal year (e.g., FY 2018-2019 data for the FY 2020 application). Enter a single tax rate for school operations expenditures for all types of real property in the jurisdiction. When funds for current operating expenditures for the LEA are raised by more than one taxing jurisdiction, enter the tax rate information for each additional jurisdiction on a separate line.
Single Tax Rate Calculation

1. Determine the total assessed value of all real property in the LEA in each classification of real property in the LEA by using the value assigned to that property for tax purposes and aggregating the results;

2. Determine the LEA’s total revenues derived from local real property taxes for current expenditures; and

3. Divide the amount determined in number 2 above by the amount determined in number 1 above.
Single Tax Rate Calculation Example

Step 1: Determine Total assessed value for tax purposes of real property for each property classification.

Commercial Property Classification tax rate .005: total assessed value = $3,112,500
Residential Property Classification tax rate .002: total assessed value = $3,052,631
Agricultural Property Classification tax rate .001: total assessed value = $2,500,000

Total assessed value of real property in LEA = $8,665,131

Step 2: Total revenues LEA derived from local real property taxes for current expenditures: $50,000

Step 3: Total revenues divided by total assessed value: $50,000 / $8,665,131 = .00577

LEA single tax rate for this example: .00577
Current ExpendituresDefined

The term “current expenditures” means expenditures for free public education, including administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plan, fixed charges, and net expenditures to cover deficits for food services and student body activities but does not include expenditures for community services, capital outlay, and debt service.

The determination of whether an expenditure for the replacement of equipment is considered a current expenditure or a capital outlay shall be determined in accordance with generally accepted accounting principles as determined by the State.
Opting Out of Remaining Funds

- Available for LEAs that only want foundation payment and wish to forego remaining funds payment

- Option is for LEAs that might feel data collection necessary to receive the remaining funds is a large burden to obtain a relatively small amount of funds

- LEAs don’t need to provide taxable value and tax rate information

- New LEAs and LEAs that report revenue and can not choose this option

- Opt-Out form must be uploaded in IAGS
Section 7002 Overview
Completing the Application Summary

- Total federal acres in LEA
- Federal revenue received from those lands (if any)
- Total acres in the LEA (to include Federal acres)
- Total taxable value of LEA
- Tax rate for current operating expenditures
Section 7002 Overview

Documentation for Eligibility Determination

- Acquisition records (commonly deeds) showing transfer of property to the United States

- Acquisitions must be listed in chronological order on Exhibit A

- Acquisitions must be summarized by year on Exhibit B

- Must include value of LEA for years of acquisition
# Section 7002 New Applicant Requirements

## Sample Exhibit A

### Section 7002 Exhibit A: Property Acquisition Data

<table>
<thead>
<tr>
<th>Date or year of federal acquisition</th>
<th>Previous owner</th>
<th>Number of acres of federal acquisition</th>
<th>Land description (section/township/range)</th>
<th>Tax book and page</th>
<th>Federal tract number (if any)</th>
<th>Assessed value (for tax purposes at the time of federal acquisition)</th>
<th>Classification of land at the time of federal acquisition</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>Steve Carter</td>
<td>800</td>
<td></td>
<td>1.230</td>
<td>34</td>
<td>I 50% L 50%</td>
<td>$1,000  AG</td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td>Joe Jackson</td>
<td>1,205.21</td>
<td></td>
<td>1.231</td>
<td>36</td>
<td>I 50% L 50%</td>
<td>$7,190  AG</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>Martha Bloomfield</td>
<td>600</td>
<td></td>
<td>2.34</td>
<td>23</td>
<td>I 90% L 10%</td>
<td>$1,500  AG</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>Blake Johnson</td>
<td>2,184.31</td>
<td></td>
<td>2.34</td>
<td>35</td>
<td>I L 100%</td>
<td>$9,205  AG</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>Peter Newsome</td>
<td>300</td>
<td></td>
<td>4.6</td>
<td>40</td>
<td>I L 100%</td>
<td>$600    AG</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>Candace Ellison</td>
<td>8,700.26</td>
<td></td>
<td>4.7</td>
<td>41</td>
<td>I L 100%</td>
<td>$22,856 AG</td>
<td></td>
</tr>
</tbody>
</table>
### Section 7002 Exhibit B: Detailed Property Acquisition Data by Year

<table>
<thead>
<tr>
<th>Applicant Name (Local Educational Agency)</th>
<th>Applicant Impact Aid Number</th>
<th>County</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>(A) Date or year of federal acquisition of the property</th>
<th>(B) Number of acres of land acquired by the federal government since 1938 (eligible federal property only)</th>
<th>(C) Assessed valuation at the time of the acquisition of the property by the federal government</th>
<th>(D) Assessed valuation of all real property in the school district for the year in which the property was acquired</th>
<th>(E) Percentage that the acquired property was of all real property in the school district at the time the property was acquired [ (C) divided by (D) ]</th>
<th>(F) Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>2,005.21</td>
<td>$8,190</td>
<td>$200,000</td>
<td>0.04095</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>2,784.31</td>
<td>$10,705</td>
<td>$205,000</td>
<td>0.05221</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>9,000.26</td>
<td>$23,456</td>
<td>$208,000</td>
<td>0.1127</td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>13,789.78</td>
<td></td>
<td></td>
<td>0.2058 (20.58%)</td>
<td></td>
</tr>
</tbody>
</table>
Calculating Payments

- Maximum payment
- Foundation payment
- Remaining funds payment
Determining Maximum Payment (Section 7002(b))

8,000 total non-Federal acres valued at $13,000,000 ($1,625 per acre value)

2,000 Federal acres with no taxable value
Determining Maximum Payment (Section 7002(b))

8,000 total non-Federal acres valued at $13,000,000 ($1,625 per acre value)

2,000 Federal acres with no taxable value

2,000 Federal acres x $1,625

Estimated taxable value of Federal acres = $3,250,000

$3,250,000 x 0.0275 (tax rate)

Max payment = $89,375
Maximum Payment Cap 1

- Old LEAs – If revenue + foundation payment exceeds maximum payment no remaining funds

- New LEAs – If revenue + foundation payment exceeds maximum payment, reduce payment to maximum level, and in future years the remaining funds would be reduced or eliminated as necessary, as with old districts
Maximum Payment Cap 2

- Total of 7002 and 7003 payments can not exceed either of the 7002 or 7003 maximum payments

- If either maximum payment is exceeded, for OLD districts, the LEA would still get the foundation payment but not the remaining funds payment

- For NEW districts, the foundation payment would be reduced to the maximum level, and in future years the remaining funds would be reduced or eliminated as necessary, as with old districts
Foundation Payments for OLD LEAs

- Difference between old LEAs vs. new LEAs is how the foundation payment is calculated

- Old LEAs received a payment in 2009

- Foundation basis is the average of the 2006, 2007, 2008, and 2009 payments

- Foundation payment amount is 90% of foundation basis
Foundation Payments for NEW Applicants

Section 7002 Total Appropriation: $75,000,000
National Total of Maximum Payments: $2,004,699,707

\[
\text{Appropriation Percentage} = \frac{\text{Section 7002 Total Appropriation}}{\text{National Total of Maximum Payments}} = \frac{75,000,000}{2,004,699,707} = 3.74\% \\
\text{Maximum Payment} = \text{Appropriation Percentage} \times \text{Maximum Payment} = 3.74\% \times 89,375 = 3,342 \\
\text{Foundation Basis} = \text{Maximum Payment} \times 90\% = 3,342 \times 90\% = 3,008
Remaining Funds Calculation

LEA Maximum Payment $1,000,000

National Total of Maximum Payments $2,004,699,707

Remaining Funds Percentage 0.04%

Section 7002 Remaining Balance $8,500,000

Remaining Funds Payment $3,400
Section 7002 Order of Payments:

1. Foundation payments for LEAs that were eligible for a payment for FY 2009 or a subsequent year

2. Payment to an LEA eligible under Section 7002(i), after their new maximum amount is determined

3. Foundation payments for New Applicants (eligible applicants that were first eligible after FY 2009 and have never received a foundation payment)

4. Remaining funds for all eligible LEAs
Section 7002 Payments: Insufficient Funds

- If the amount of funds appropriated to Section 7002 is insufficient to pay the full amount of foundation payments calculated under 7002(h), the Secretary shall ratably reduce the payments to each LEA.

- For FY 2021, there were sufficient funds to pay the full foundation payment to the OLD LEAs and to the NEW LEAs.

- FY 2022 full appropriation not yet received; Operating under a continuing resolution.
Application Consolidations and Annexations

- At least one of the former districts must have been eligible in the FY prior to consolidation or annexation.

- Must submit evidence of the consolidation or annexation.

- Foundation basis determined based on payment in FY prior to consolidation/annexation.

- Only receives foundation payment.
Section 7002 Overview Wrap-Up

- Acquired acres must equal at least 10% of the LEA taxable value and be acquired after 1938

- Need acquisition records, assessed value of the federal acres AND assessed value of LEA for the year of acquisition

- Eligible LEAs receive foundation payment and remaining funds payment for application year

- Consolidated districts may retain eligibility but only receive foundation payment
FY 2023 Application Deadline

- Monday, January 31, 2022; 11:59 p.m., EST

- Impact Aid Grant System will accept after 11:59 p.m., but will send “late” notice

- Late LEAs will be subject to a 10% penalty
Go to www.impactaid.ed.gov and click the resources tab

**States: AL – MO & Oklahoma LEAs A-K**
Contact: Nanette Dunham
(202) 260-2206
Nanette.Dunham@ed.gov

**States: MS – WY Oklahoma LEAs L-Z**
Contact: Melissa Torchon-Duke
(202) 260-0732
Melissa.Torchon@ed.gov