



PUBLIC HEARING

**2021-22 Budget
& Proposed 2022
Property Taxes**

**Pelican Rapids Public School
ISD #548**

December 2021

Resources provided by





TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '22
- Putting it All Together and Questions



Big Picture

OUR DIFFERENCES DRIVE OUR GREATNESS. WE ALL BELONG HERE.

WE ARE FAMILY



HAPPY HOLIDAYS FROM THE PELICAN RAPIDS PUBLIC SCHOOLS FAMILY

Why have a Truth in Taxation Meeting?

- **Truth in Taxation Law, passed in 1989**
- **Two major requirements:**
 - 1. Tax Statements**

Counties must send out proposed property tax statements in November based on preliminary tax levies set by all taxing jurisdictions (counties, cities, townships, school districts, etc.)
 - 2. Public Hearing**

Most taxing jurisdictions must hold a public hearing prior to certifying the final levy and discuss:

 - Payable 2022 levy
 - Fiscal year 2022 budget
 - Public comments

**This is the school district's
annual required hearing**



Who sets the School Levy?

Components of a District Tax Levy are either:

- **Set By State Formula By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds



How is my property tax determined?

- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel based on the above.
- County Auditor divides the total levy by total tax capacity of the District to determine tax rate needed. Tax rate is multiplied by each property's tax capacity*.

*Certain levies are spread based on Market Value rather than tax capacity.

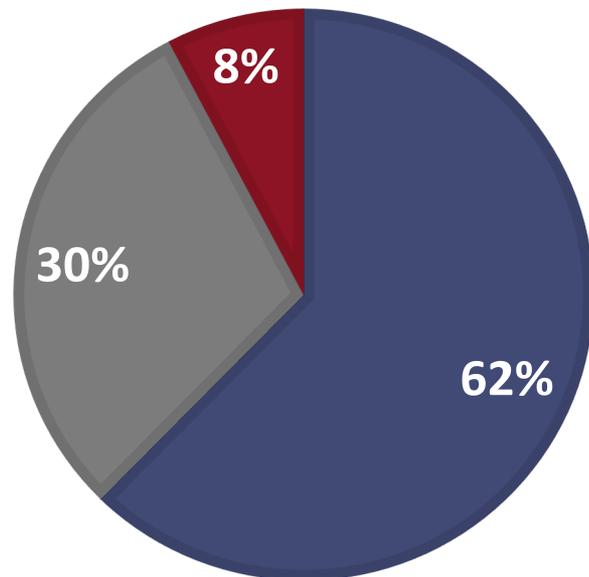




State Aid Impact

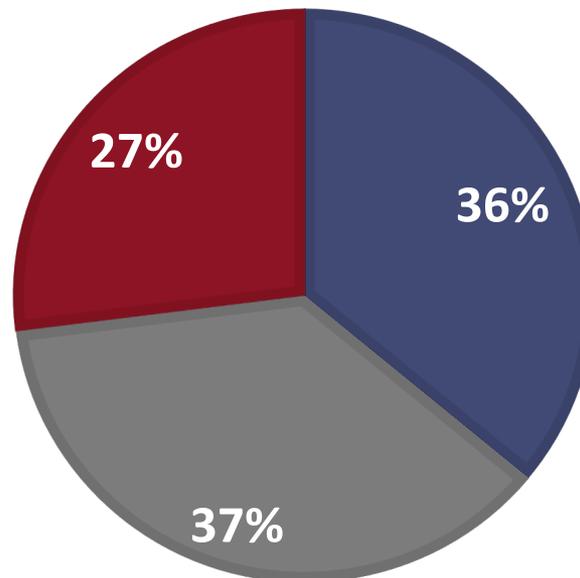
WHO COLLECTS

- State
- Non-Local School
- School District



WHO SPENDS

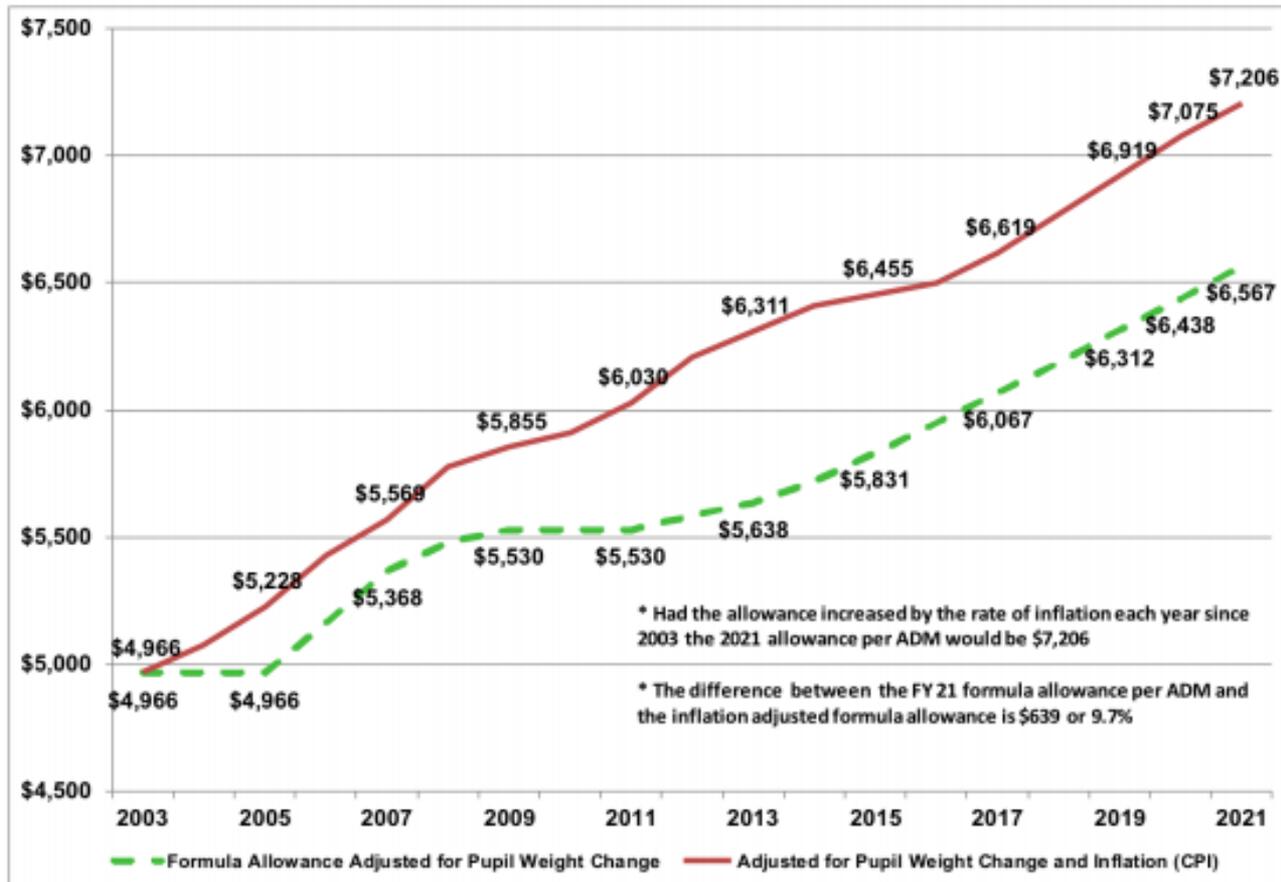
- State
- Non-Local School
- School District



(Data source, MN Department of Management and Budget-Price of Government, 2021)



General Education Formula Allowance, 2003-2021 Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE August 2019 Inflation Estimates



Association of Metropolitan School Districts

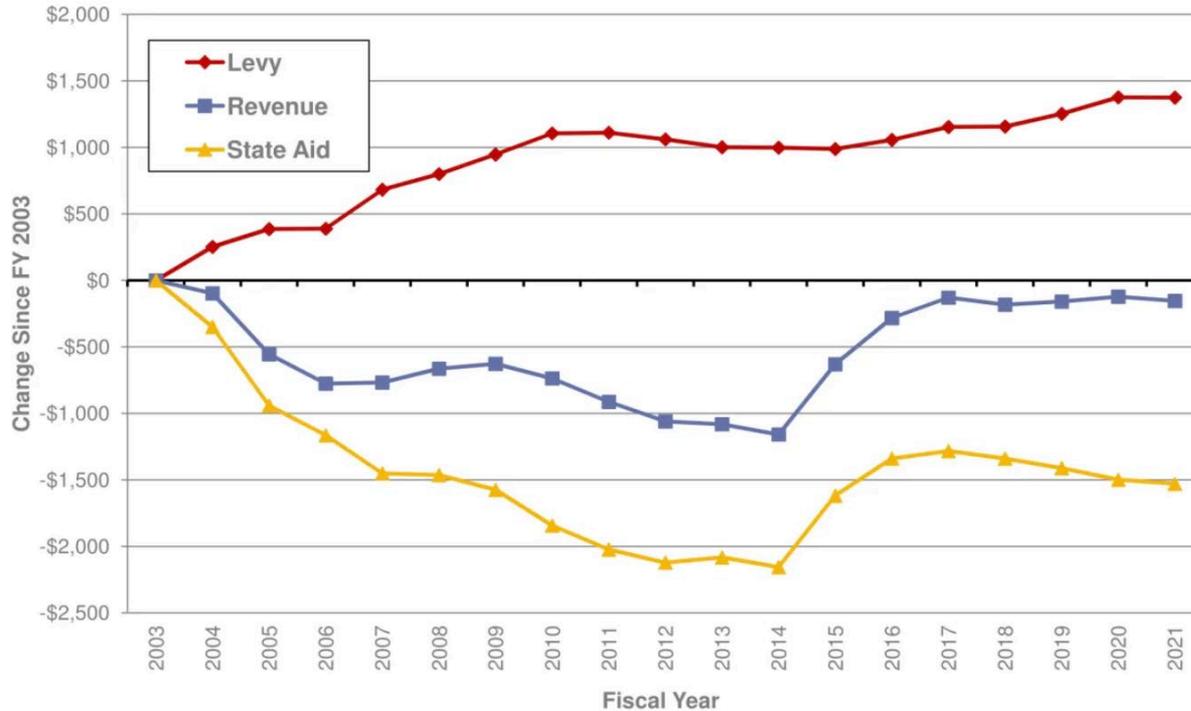


Funding trails inflation by **\$639 per pupil** since 2003, **\$568 million annually**.



Statewide Aid, Levies, Revenue

Constant FY 2020 Dollars Per Pupil



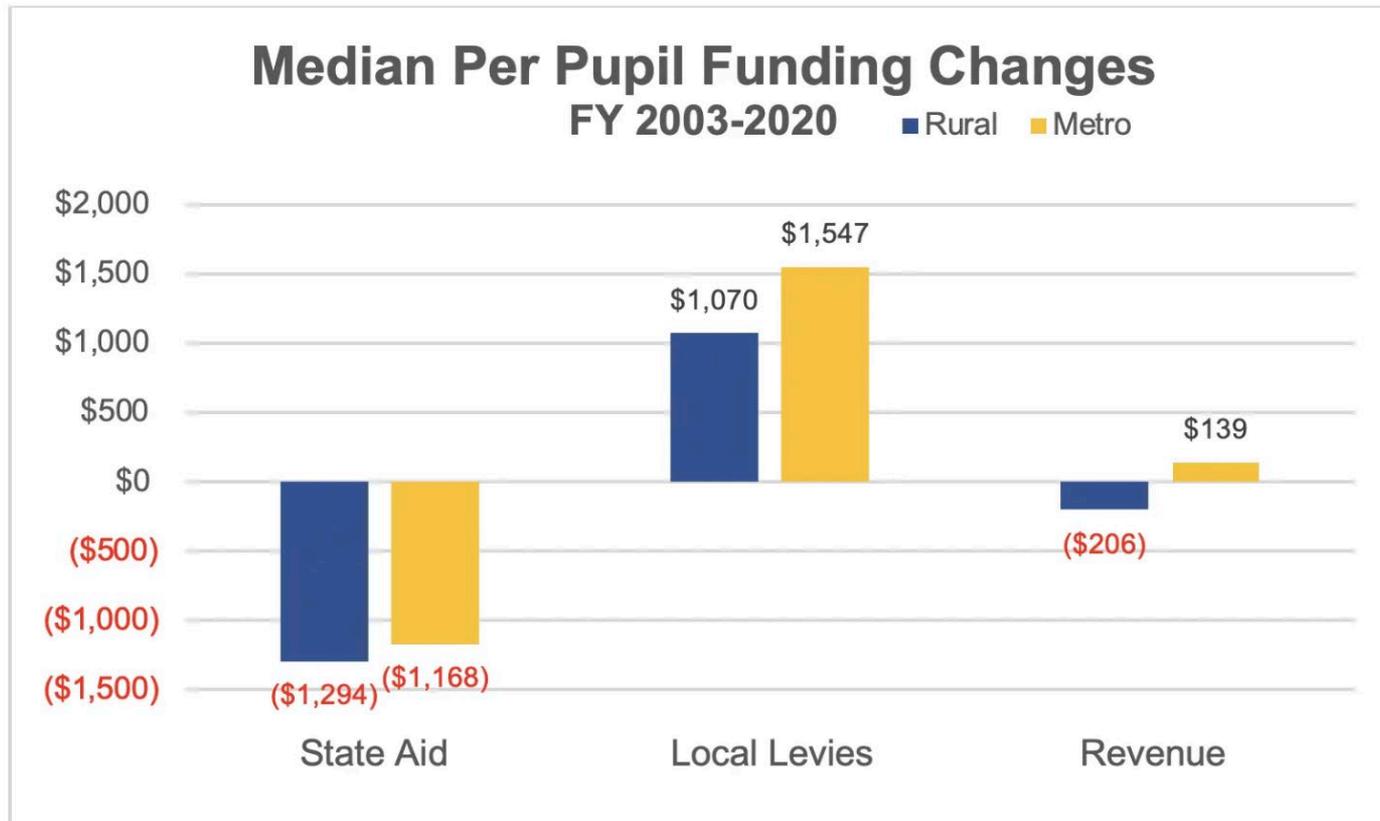
(Analysis by MREA, 2019, Data from MDE)

mreavoices.org

**Increases in Local Operating Referendum
needed to replace decline in formula buying power.**



Rural Districts Fall Behind



More metro districts were able to **replace lost formula aid** than rural school districts in Minnesota.

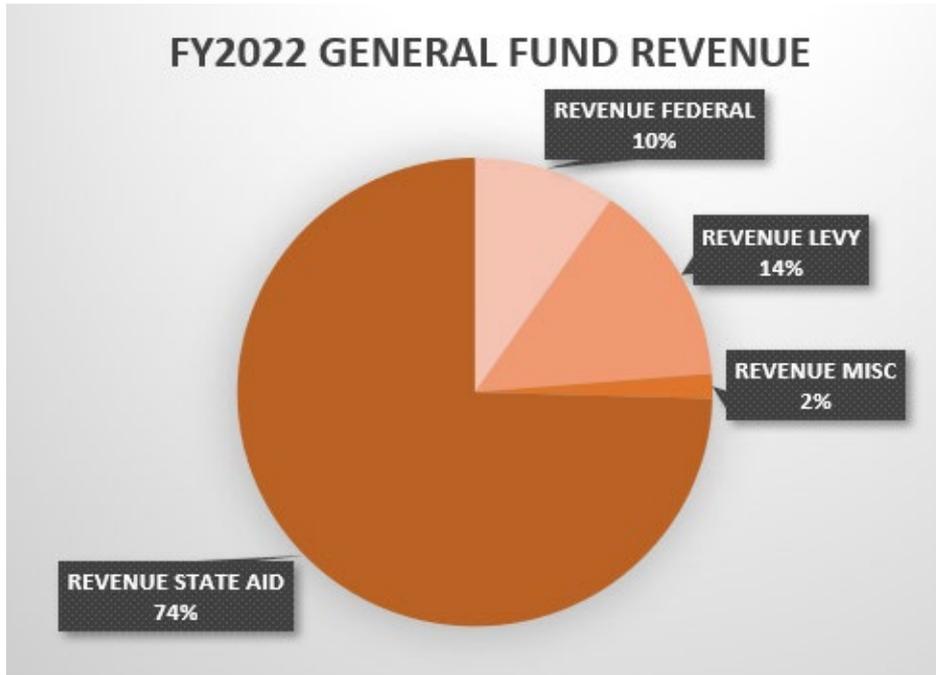


21-22 School Year Budget

Fund	Actual Fund Balances	Revenues	Expenses	Projected Fund Balance
General Fund/Other	\$2,996,445	\$11,598,914	\$10,967,086	\$3,628,273
Food Service Fund	\$172,502	\$516,305	\$532,259	\$156,548
Community Service Fund	\$101,158	\$300,603	\$312,225	\$89,536
Debt Service Fund	\$7,493	\$2,253,957	\$2,161,626	\$99,824
Trust Fund	\$25,841	\$7,878	\$11,690	\$22,029
OPEB Irrevocable Trust Fund	\$3,568	\$0	\$3,568	\$0
OPEB Debt Service Fund	\$15,586	\$0	\$15,586	\$0
Total - All Funds	\$3,322,594	\$14,677,657	\$14,004,040	\$3,996,211



21-22 School Year Budget

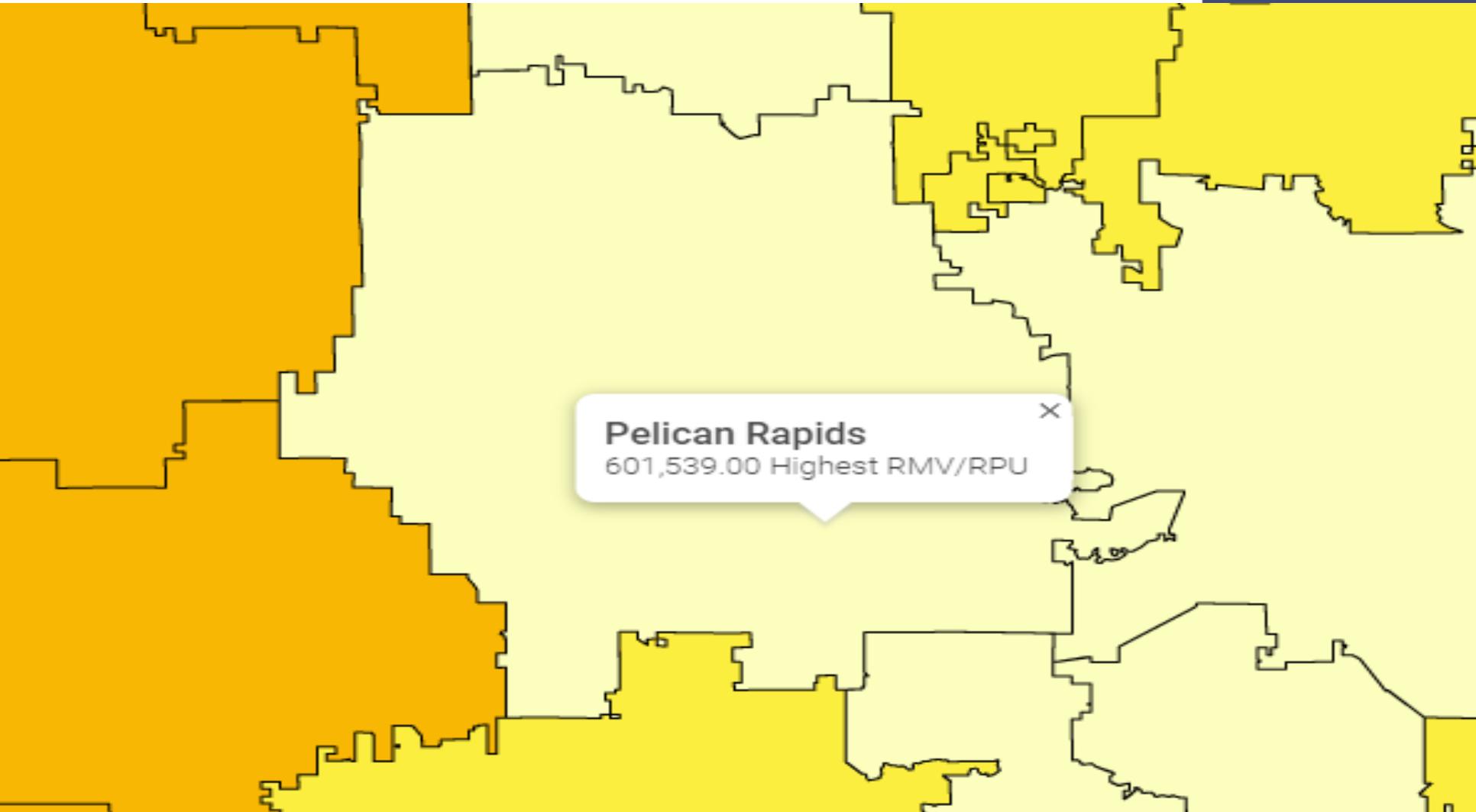


Fund	Total Revenues	Levy	% of Total
General Fund/Other	\$11,598,914	\$1,629,730	14%
Food Service Fund	\$516,305	\$0	0%
Community Service Fund	\$300,603	\$137,151	46%
Debt Service Fund	\$2,253,957	\$2,254,171	100%
Trust Fund	\$7,878	\$0	0%
OPEB Irrevocable Trust Fund	\$0	\$0	0%
OPEB Debt Service Fund	\$0	\$0	0%
Total - All Funds	\$14,677,657	\$4,021,052	27%

Significant changes in budget from prior year:
- ESSER Funds now available



Property Classifications and Value





Know Your Valuation

- Property classification and market value
- Sent Spring 2021; cannot change value
- Watch for 2022 statement in SPRING and where to appeal

VALUATION NOTICE	2022
2021 Values for Taxes Payable in	

Property tax notices are delivered on the following schedule:

Step 1	Valuation and Classification Notice Class: Residential Homestead Estimated Market Value: \$150,000 Homestead Exclusion: \$23,800 Taxable Market Value: \$126,200	See Details Below.
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Step 2	Proposed Taxes Notice 2022 Proposed Tax: <i>Coming November 2021</i>
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Step 3	Property Tax Statement 1st Half Taxes: 2nd Half Taxes: Total Taxes Due in 2022: <i>Coming March 2022</i>
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The time to appeal or question your CLASSIFICATION or VALUATION is NOW!



Effective Tax Rates

Property Classification Rates set in statute by Legislature and Governor and result in range of Effective Tax Rates:

Property Classification	2021 Estimate
Farm	0.54%
Seasonal Rec	0.96%
Residential Homestead	1.22%
Apartment	1.55%
Public Utility	2.89%
Commercial-Industrial	3.18%

(Source: Tim Strom, Jared Swanson House Research)



Share of Tax Liability

Property Classification	Market Value Share (2020 Assessment)	Share of Net Taxes (Payable in 2021)
Farms	17.7%	6.8%
Seasonal Rec Residential	3.8%	2.6%
Commercial and Industrial	14.6%	32.6%
Residential Homes	49.8%	43.4%
Other Residential	14.1%	14.5%

(Source: Tim Strom- House Legislative Analyst)





Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Scheduled to scale to 70% in 2023
- The revenue for Ag2School comes from state income, sales and other tax revenue





Increase in Pay 2022

60% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2021	5%	55%
2022	5%	60%
2023	10%	70%



Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report

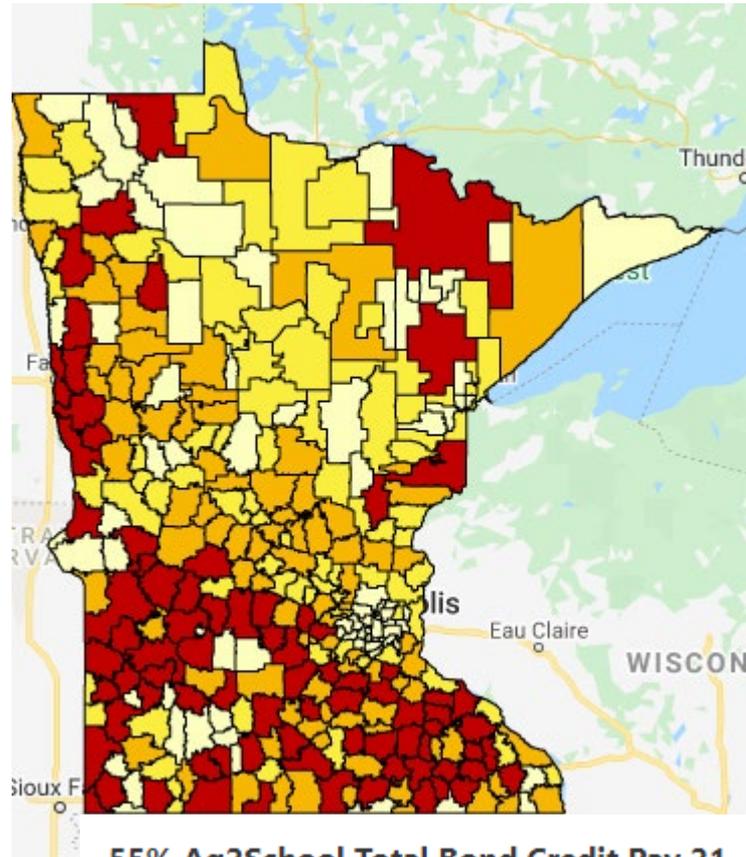
PROPOSED TAXES 2022			
THIS IS NOT A BILL. DO NOT PAY.			
VALUES AND CLASSIFICATION			
Step	Taxes Payable Year	2021	2022
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
PROPOSED TAX			
Step 2	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,467.52	
Step 3	PROPERTY TAX STATEMENT Coming in 2022		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			



Ag2School in 2021

How does our school district compare in total Ag2School credit?

[MNREA Maps](https://mnrea.org/maps)
mnrea.org



55% Ag2School Total Bond Credit Pay 21

- Smallest quartile < \$33,781
- Below the median: \$119,938
- Above the median: \$119,938
- Largest quartile > \$262,383





EQUALIZATION FACTORS FOR LOR & Operating Referendums

	LOR & Referendum Allowance Levels	Equalizing Factors
Tier 1 LOR	Up to \$300/pupil	\$880,000/RPU
Tier 2 LOR	\$300 up to \$724/pupil	\$548,842/RPU
Tier 1 Op Ref	Up to \$460/pupil	\$567,000/RPU
Tier 2 Op Ref	\$460 up to \$1,342/pupil	\$290,000/RPU

Ag Land and Seasonal Rec Properties are exempt from Op Ref and LOR levies.

School Factors Affecting Pay '22 Levies



ISD #548 Tax Levy

Possible reasons for changes to your parcel:

- Change in value or classification to your property
- Change in enrollment numbers
- Change in valuation of property in district
Equalization aid depends on district property wealth per pupil
- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)



Referendum Picture

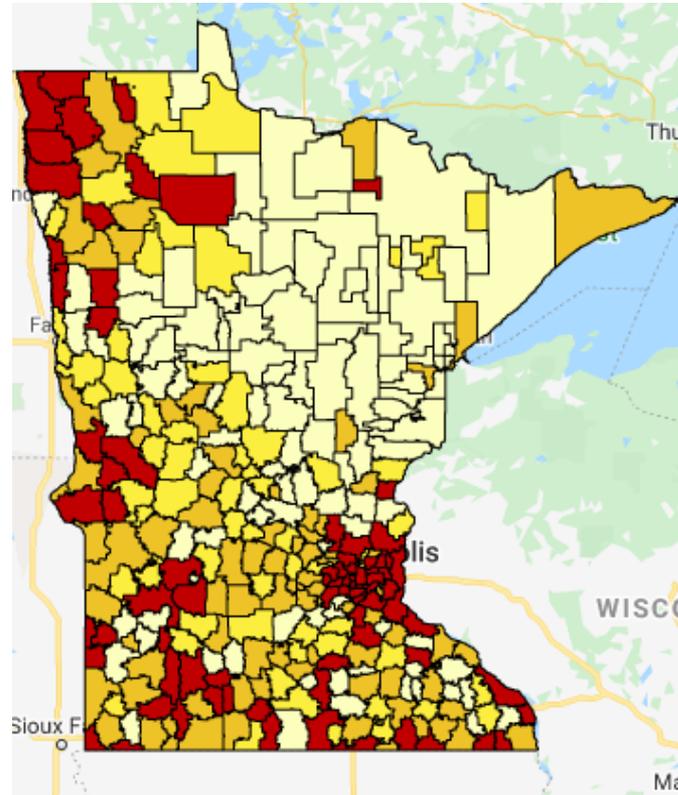
How does our district compare in Operating Referendum Revenue?
[MNREA Maps \(mreavoice.org\)](http://mreavoice.org)

Our District:
\$315 per APU

Median district: \$450

Upper Quartile of Referendums > \$864

102 districts: \$0



District Operating Referendum per APU FY21

- Well Above Per Pupil Median
- Above the District Median of \$450
- Below the District Median of \$450
- No Operating Referendum Revenue



Property Wealth Picture

How does our district compare in Referendum Market Value per Residential Pupil Unit?

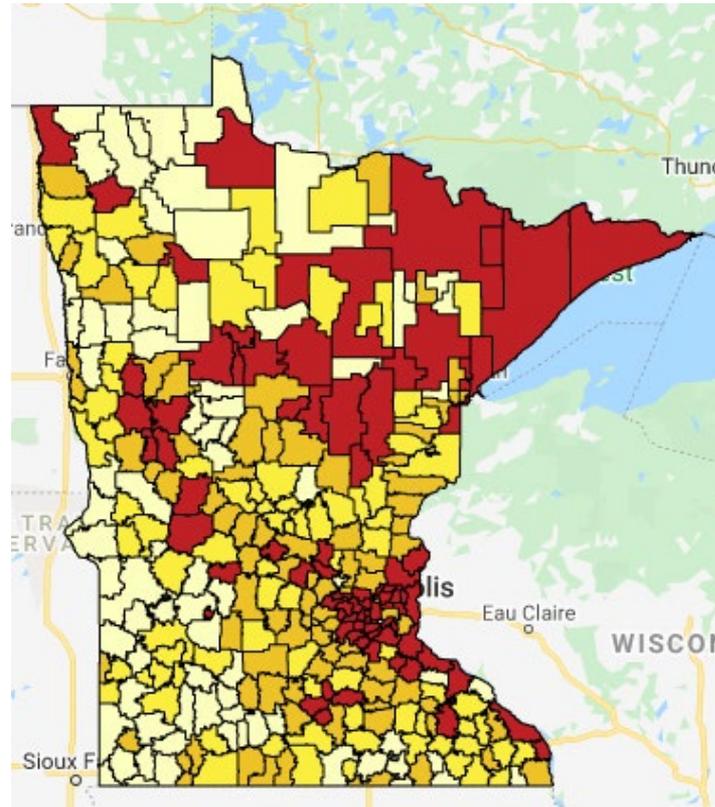
[MNREA Maps](http://mnrea.com)
 [\(mreavoice.org\)](http://mreavoice.org)

Our District:

\$ 701,654 per RPU

Median District:

\$458,166



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in Pay '22

- Lowest RMV/RPU
- Below the Median of \$458,166
- Above the Median of \$458,166
- Highest RMV/RPU





Long-Term Facility Maintenance

Included in School Property Taxes for Pay '22

- School Board and MDE approved 10-year facility maintenance plan, including:
 - Project 1 — Tuck Point
- LTFM Revenue: \$ 881,715
 - State share (Aid): \$ 489
 - Local share (levy): \$ 356,820
 - State share %: 0%
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Putting it All Together

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Proposed Pay '22 Levy

CERTIFICATION FOR PELICAN RAPIDS PUBLIC SCHOOL

FUND	2020 PAY 2021 LIMITATION	2021 PAY 2022 LIMITATION	INCREASE (DECREASE)	PERCENT CHANGE
GENERAL	1,629,730.78	1,701,551.24	71,820.46	4.41
COMMUNITY SERVICE	137,151.84	195,050.95	57,899.11	42.22
GENERAL DEBT SERVICE	2,254,171.40	2,263,689.89	9,518.49	.42
OPEB DEBT SERVICE				
TOTAL	4,021,054.02	4,160,292.08	139,238.06	3.46





More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor

510 West Fir Avenue, Fergus Falls, MN

Auditor's Office Phone: 218-998-8030

Treasurer's Office Phone: 218-998-8041

School District Contact

310 S Broadway, Pelican Rapids, MN

Finance Director: 218-863-9316





QUESTIONS?

Thank you for attending this hearing.

