

PUBLIC HEARING
2022-23 Budget
& Proposed 2023
Property Taxes

ISD #548

December 2022

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Levy Information
- Your Property Classification and Value
- 22 Pay 23 Levy Certification



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.



Your School District Tax Levy

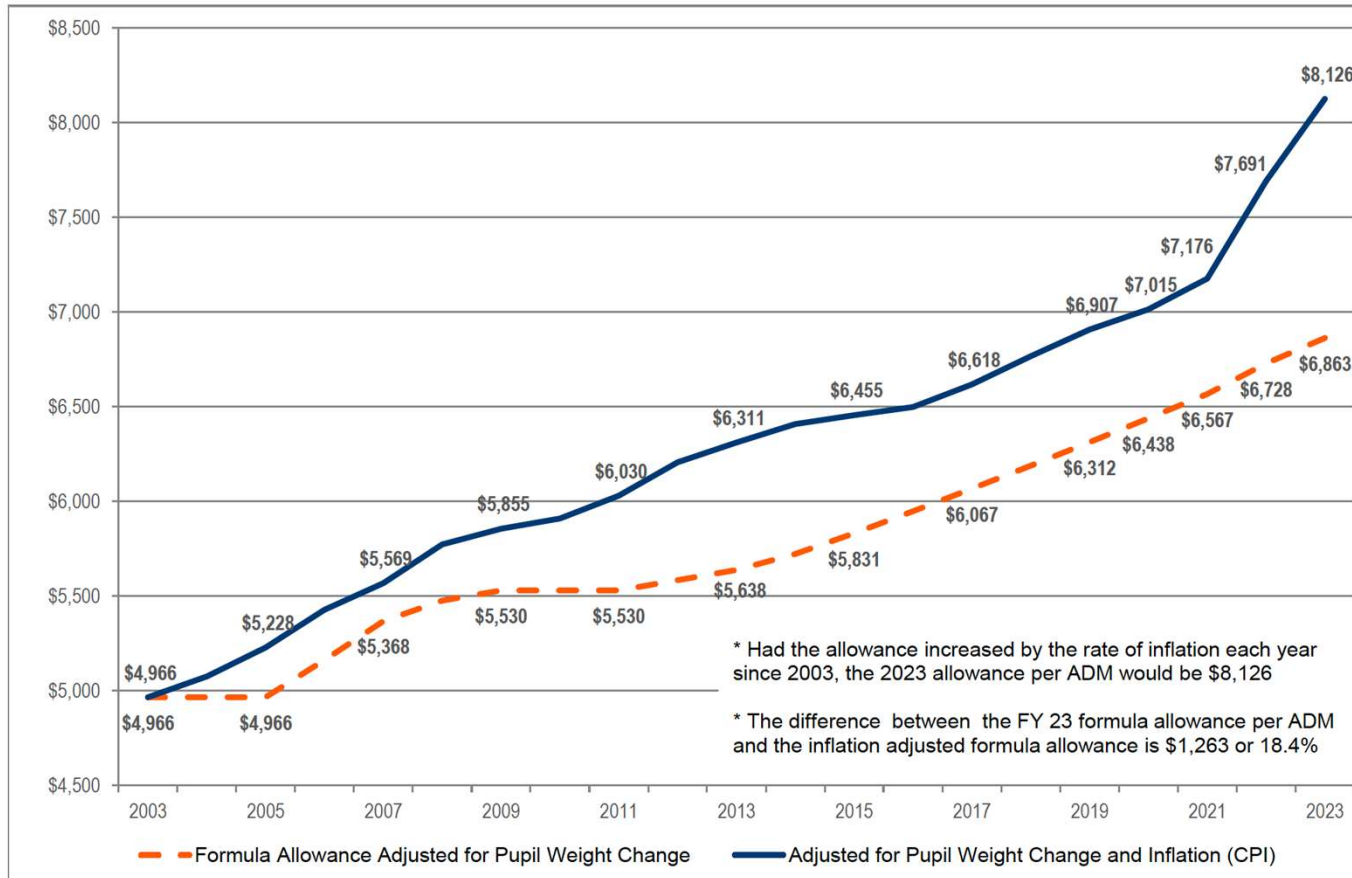
Possible reasons for changes to your parcel:

- 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)



General Education Formula Allowance, 2003-2023

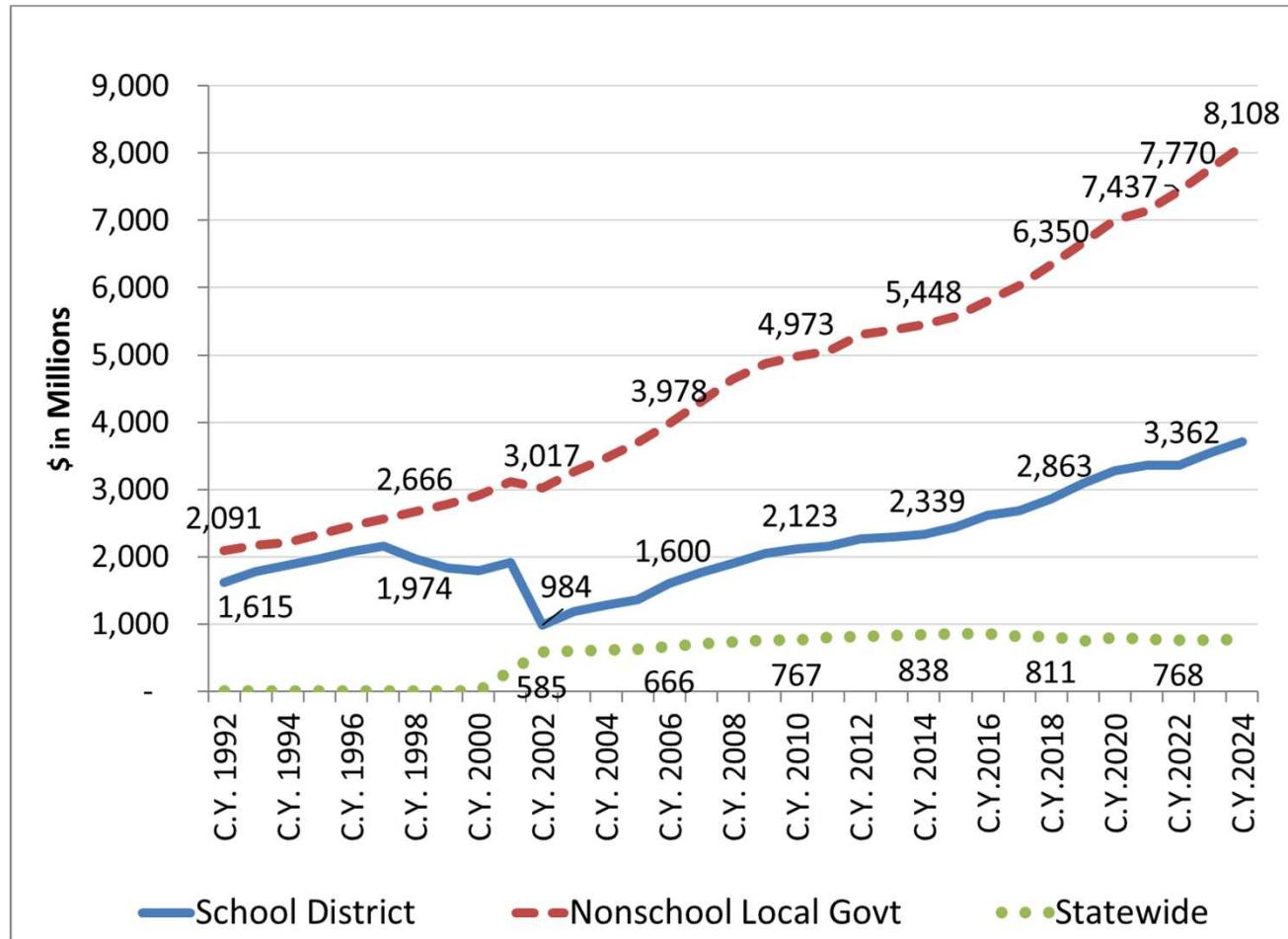
Adjusted for Pupil Weight Change and Inflation (CPI)



Funding trails inflation by **\$1263 per pupil** since 2003



Property Tax Levies: School vs Non School Payable 1992-2024



*data source MDE Minnesota Prek-12 Education Finance System Overview: MSBA-Summer Conference
July 2022



Referendum Picture

How does our district compare in Operating Referendum Revenue?

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

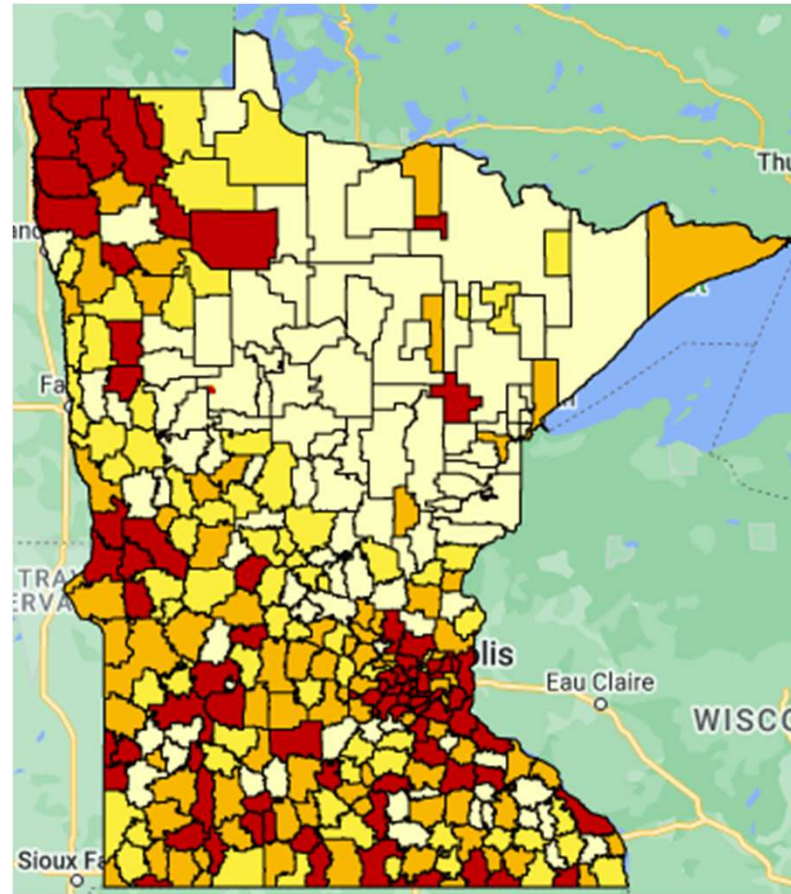
Our District:

\$315 per APU (Adjusted Pupil Unit)

Median district: \$492

Upper Quartile of Referendums >\$990

94 districts: \$0



District Operating Referendum per APU FY23

- No Operating Referendum
- Below District Median of \$492/Pupil
- Above District Median of \$492/Pupil
- Well Above Median/Pupil



Property Wealth Picture

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

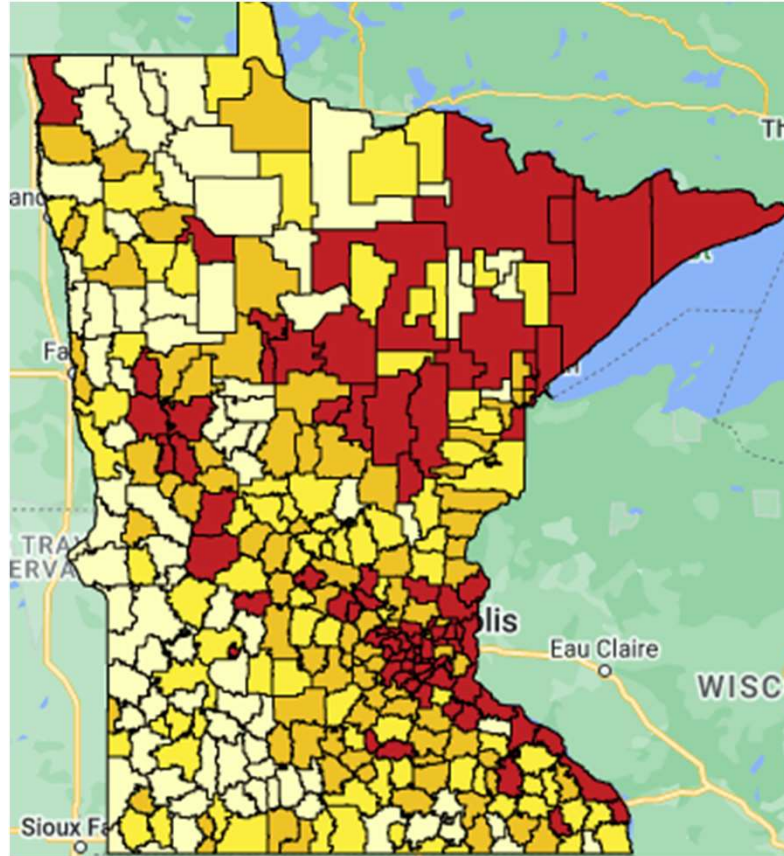
[MNREA Maps](http://mnrea.com)
(mreavoice.org)

Our District:

\$ 757,854 per RPU

Median District:

\$507,593/RPU



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY24

- Lowest RMV/RPU
- Below the Median of \$507,593
- Above the Median of \$507,593
- Highest RMV/RPU



Know Your Valuation

- Property classification and market value
- Sent Spring 2022; cannot change value
- Watch for 2023 statement in SPRING and where to appeal

| PROPOSED TAXES 2023 | | | |
|--|----------------------------------|-------------------|-------------|
| THIS IS NOT A BILL. DO NOT PAY. | | | |
| Step | VALUES AND CLASSIFICATION | | |
| | <u>Taxes Payable Year</u> | <u>2022</u> | <u>2023</u> |
| 1 | Estimated Market Value | \$125,000 | \$150,000 |
| | Homestead Exclusion | \$ | \$23,800 |
| | Taxable Market Value | \$125,000 | \$126,200 |
| | Class | Res NHmstd | Res Hmstd |
| Step | PROPOSED TAX | | |
| | Property Taxes before credits | \$1,479.52 | |
| 2 | School building bond credit | \$ 12.00 | |
| | Agricultural market value credit | | |
| | Other credits | | |
| | Property Taxes after credits | <u>\$1,467.52</u> | |
| Step | PROPERTY TAX STATEMENT | | |
| 3 | Coming in 2023 | | |
| The time to provide feedback on PROPOSED LEVIES is NOW | | | |
| It is too late to appeal your value without going to Tax Court. | | | |

Effective Tax Rates

| Property Classification | 2022 Estimate |
|-------------------------|---------------|
| Farm | 0.54% |
| Seasonal Rec | 0.95% |
| Residential Homestead | 1.22% |
| Apartment | 1.56% |
| Public Utility | 2.82% |
| Commercial-Industrial | 3.17% |

(Source: Tim Strom, Jared Swanson House
Research)



Share of Tax Liability

| Property Classification | State Market Value Share (2021 Assessment) | Share of Net Taxes (Payable in 2022) | ISD #548 Market Value Share (2021 Assessment) |
|---------------------------|---|---|--|
| Farms | 17.10% | 6.6% | 18.26% |
| Seasonal Rec Residential | 3.90% | 2.60% | 45.86% |
| Commercial and Industrial | 13.90% | 31.1% | 7.10% |
| Residential Homes | 58.50% | 52.1% | 25.60% |
| Other Residential | 6.60% | 7.6% | 3.18% |
| | | | |

(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 2023

70% 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 2023 | | | |
|---|----------------------------------|------------|-----------|
| THIS IS NOT A BILL. DO NOT PAY. | | | |
| Step | VALUES AND CLASSIFICATION | | |
| | Taxes Payable Year | 2022 | 2023 |
| 1 | Estimated Market Value | \$125,000 | \$150,000 |
| | Homestead Exclusion | \$ | \$23,800 |
| | Taxable Market Value | \$125,000 | \$126,200 |
| | Class | Res NHmstd | Res Hmstd |
| Step | PROPOSED TAX | | |
| | Property Taxes before credits | \$1,479.52 | |
| 2 | School building bond credit | \$ 12.00 | |
| | Agricultural market value credit | | |
| | Other credits | | |
| | Property Taxes after credits | \$1,467.52 | |
| Step | PROPERTY TAX STATEMENT | | |
| 3 | Coming in 2023 | | |
| The time to provide feedback on PROPOSED LEVIES is NOW | | | |
| It is too late to appeal your value without going to Tax Court. | | | |



22 Pay 23 Levy Certification



22-23 School Year Budget

| Fund | Revenue | Expenses | Net |
|----------------------|---------------------|---------------------|------------------|
| General Ops | \$10,972,497 | \$10,869,983 | \$102,514 |
| Food Service | \$515,000 | \$512,918 | \$2,082 |
| Comm. Edu | \$331,811 | \$326,277 | \$5,534 |
| General Debt Service | \$17,769,079 | \$17,769,079 | \$0 |
| Opeb | \$0 | \$0 | \$0 |
| Opeb Debt | \$0 | \$0 | \$0 |
| Total | \$29,588,387 | \$29,478,257 | \$110,130 |



22-23 School Year Budget

| Fund | Revenue | LEVY | Percent |
|----------------------|---------------------|--------------------|-------------|
| General Ops | \$10,972,497 | \$1,702,273 | 41% |
| Food Service | \$515,000 | \$0 | 0% |
| Comm. Edu | \$331,811 | \$158,408 | 4% |
| General Debt Service | \$17,769,079 | \$2,274,073 | 55% |
| Opeb | \$0 | \$0 | 0% |
| Opeb Debt | \$0 | \$0 | 0% |
| Total | \$29,588,387 | \$4,134,754 | 100% |

Significant changes in budget from prior year:

- Last year of ESSER Funds available
- Refunding of Building Bond 2014 now in affect



Proposed Pay '23 Levy

CERTIFICATION FOR (DISTRICT NAME)

| FUND | 2021 PAY 2022 LIMITATION | 2022 PAY 2023 LIMITATION | INCREASE (DECREASE) | PERCENT CHANGE |
|----------------------|-----------------------------|-----------------------------|------------------------|-------------------|
| GENERAL | 1,701,551.24 | 1,702,273.06 | 721.82 | .04 |
| COMMUNITY SERVICE | 195,050.95 | 158,407.69 | 36,643.26- | 18.79- |
| GENERAL DEBT SERVICE | 2,263,689.89 | 2,274,073.02 | 10,383.13 | .46 |
| OPEB DEBT SERVICE | | | | |
| TOTAL | 4,160,292.08 | 4,134,753.77 | 25,538.31- | .61- |

Ag2School 70% Credit of \$198,070 offsets the General Debt Service Levy for famers and timber landowners



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor

 **Wayne Stein**

County Auditor-Treasurer

 [218-998-8041](tel:218-998-8041)


 wstein@co.ottertail.mn.us

School District Contact

Rudy Martinez

Finance Director

Pelican Rapids Public Schools

 (218) 863-9316

 PO Box 642, Pelican Rapids, MN 56572

 RMartinez@pelicanrapids.k12.mn.us



QUESTIONS?

Thank you for attending this hearing.

