

PUBLIC HEARING

# 2024-25 Budget & Proposed 2025 Property Taxes

**ISD #548**

*December 2025*

*Resources provided by*



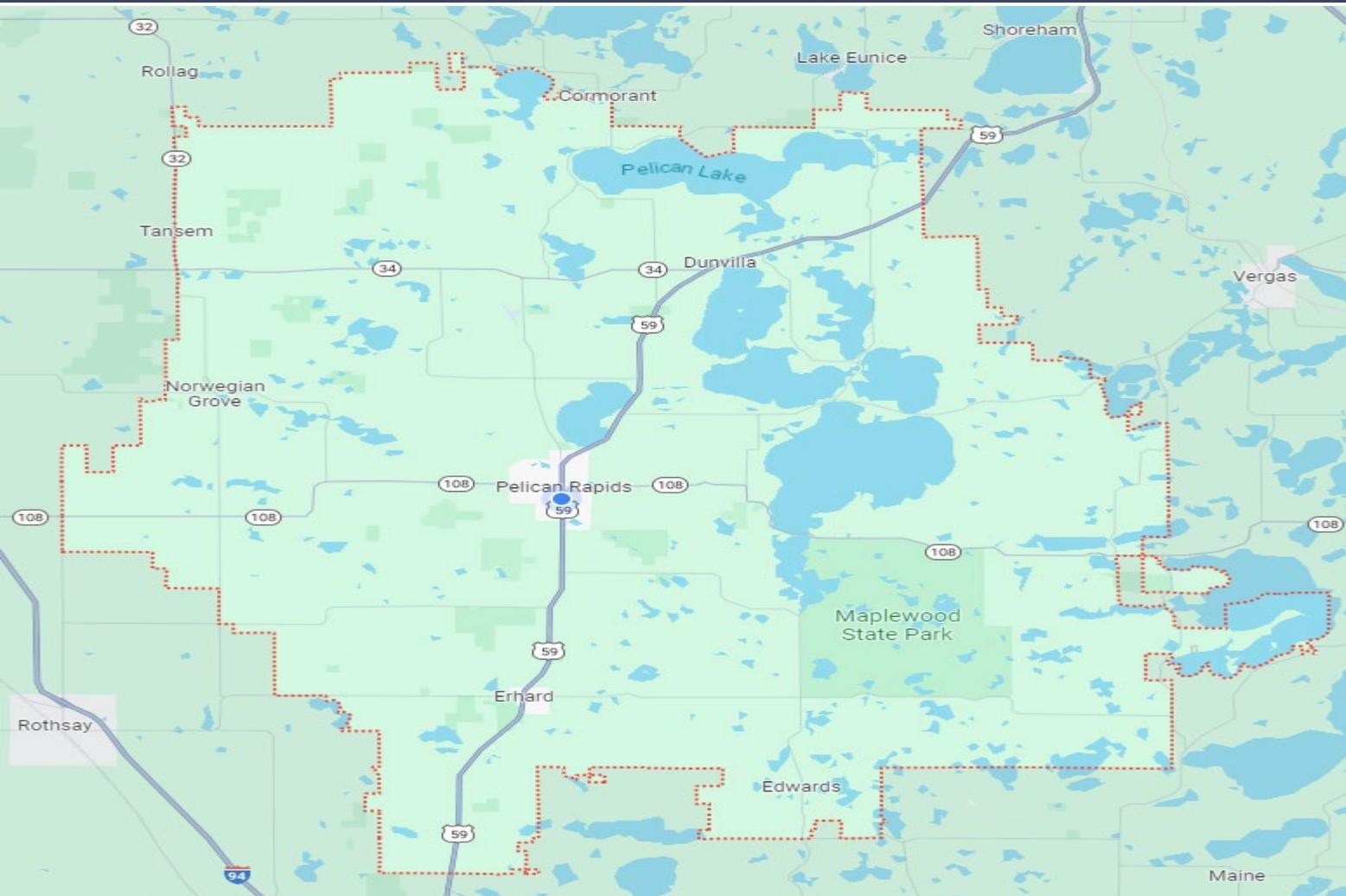
## TODAY'S AGENDA

# Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '25
- Putting it All Together and Questions



# Big Picture



# 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 proposed 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 2025 levy
    - Fiscal year 2025 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?

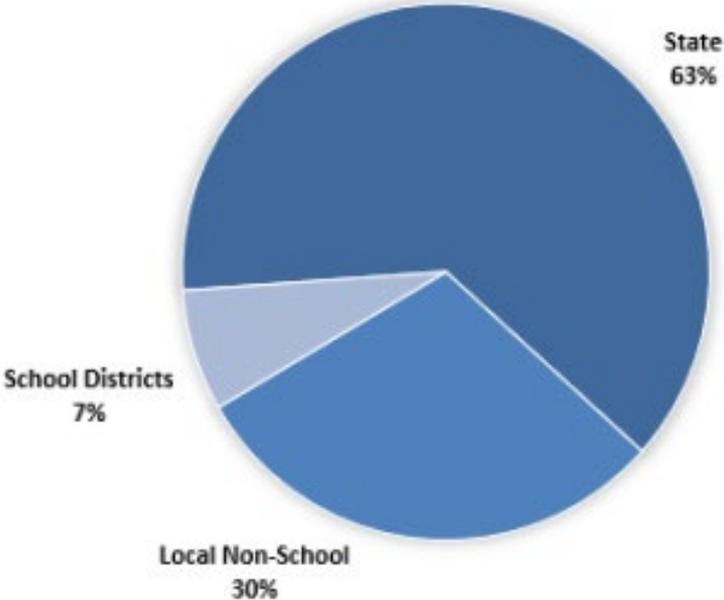
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel 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.

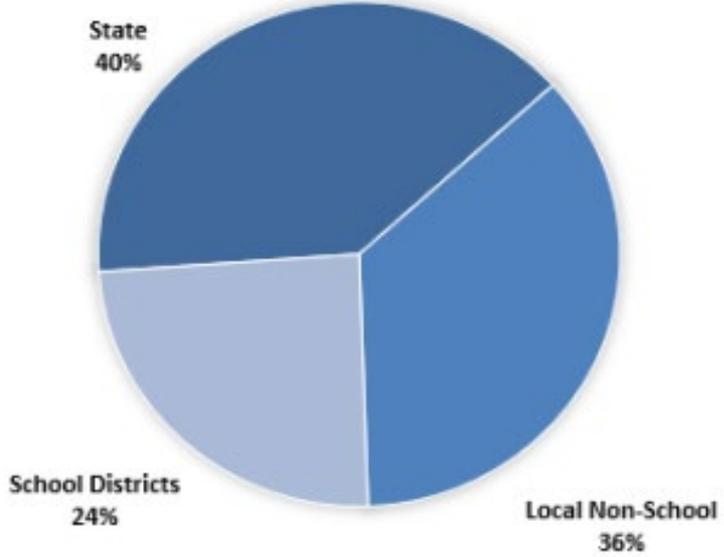


# State Aid Impact

WHO COLLECTS?



WHO SPENDS?

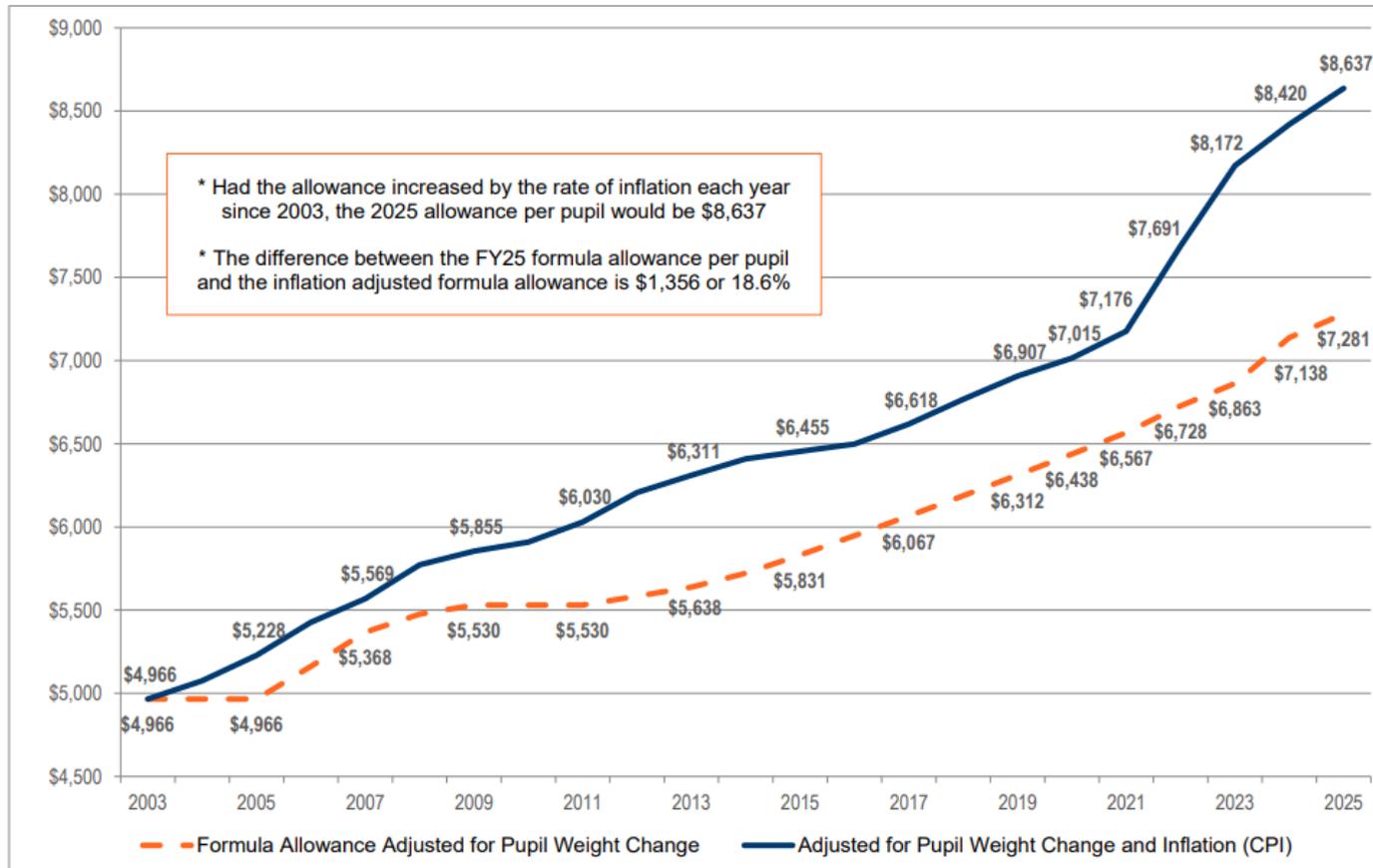


(Data source, MN Department of Management and Budget-Price of Government, 2023)



# General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



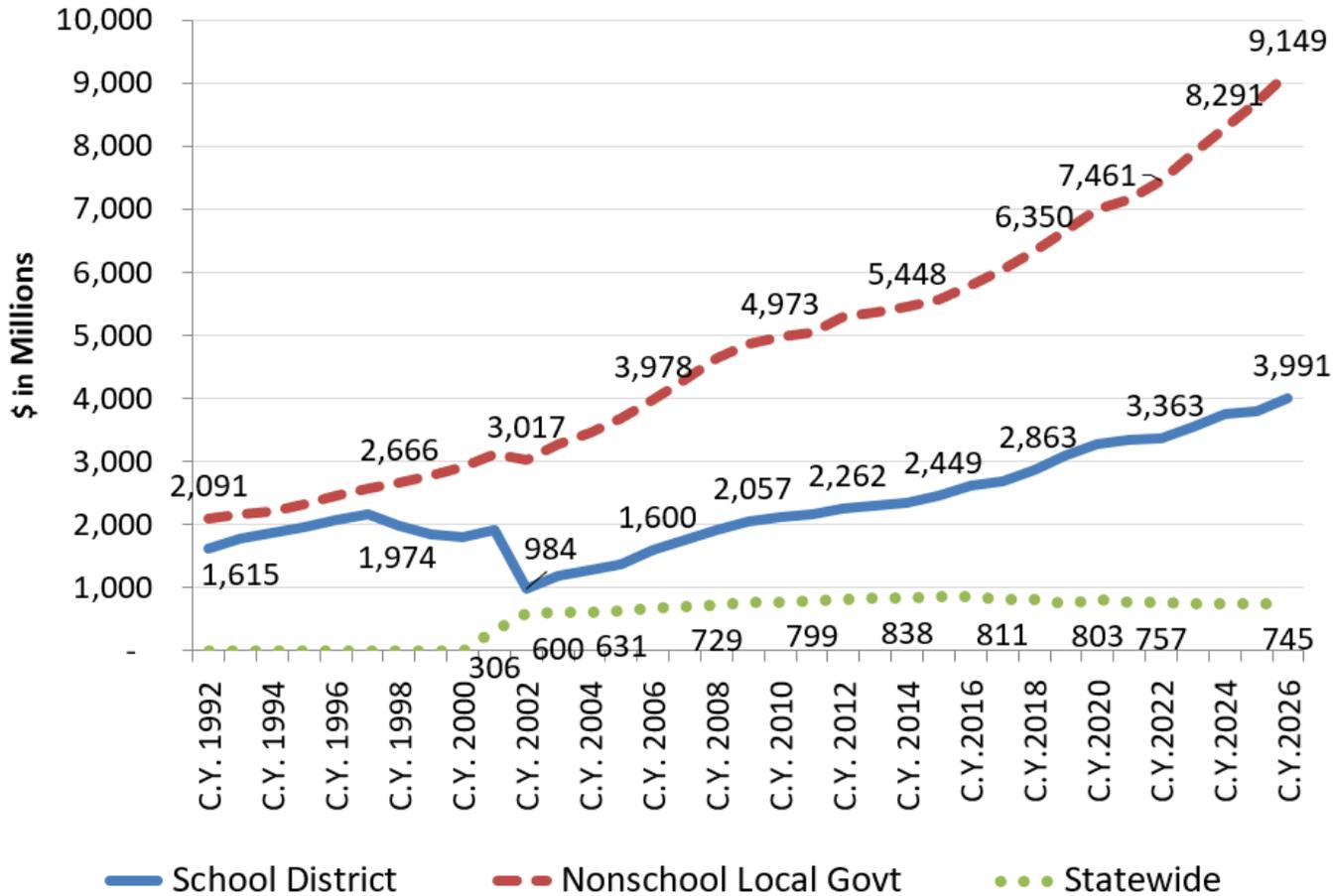
Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



Funding will trail inflation by **\$1,282 per pupil** in FY24 and **\$1,356 per pupil** in FY25



# Property Tax Levies: School vs Non School Payable 1992-2026

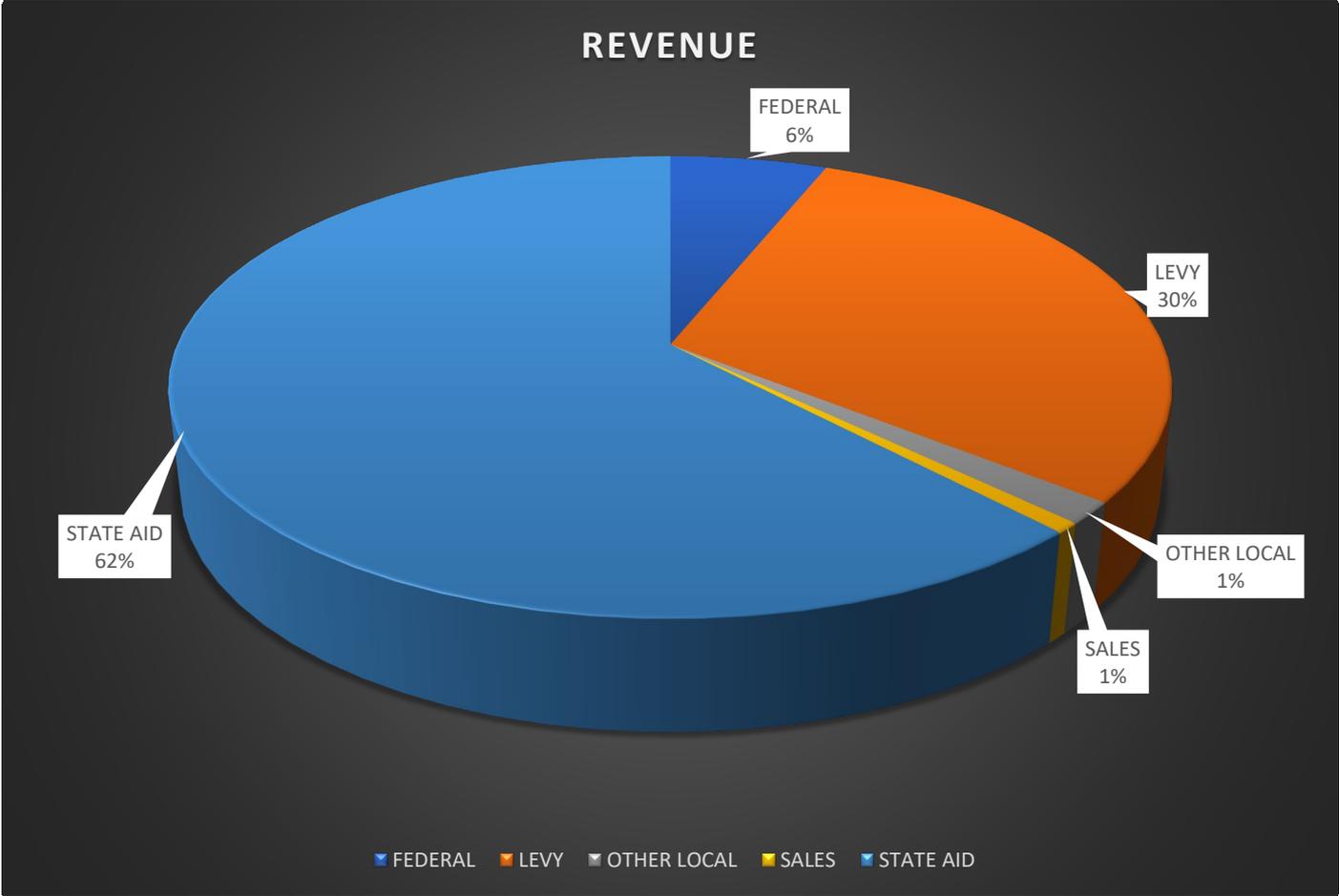


# 24-25 School Year Budget

Fund	Revenues	Expenses	Net
General	\$12,608,185	\$12,592,222	\$15,963
Food Service	\$856,096	\$899,663	\$-43,567
Community Education	\$363,053	\$326,662	\$36,390
Debt Service	\$2,042,797	\$2,344,293	\$-301,496
OPEB	\$0	\$0	\$0
Trust	\$47,894	\$27,353	\$20,541
Activities	\$195,773	\$181,266	\$14,507
Total	\$16,113,798	\$16,436,547	\$-322,749



# 24-25 School Year Budget



# Property Classifications and Value



# PROPOSED TAXES 2024

THIS IS NOT A BILL. DO NOT PAY.

## Know Your Valuation

- Property classification and market value
- Sent Spring 2024; cannot change value
- Watch for 2025 statement in SPRING and where to appeal

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2023	2024
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 2	<b>PROPOSED TAX</b>		
	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	<b>PROPERTY TAX STATEMENT</b>		
	Coming in 2024		
<b>The time to provide feedback on PROPOSED LEVIES is NOW</b>			
It is too late to appeal your value without going to Tax Court.			

# Effective Tax Rates

Property Classification	2023 Estimate
Farm	0.48%
Seasonal Rec	0.79%
Residential Homestead	1.14%
Apartment	1.43%
Public Utility	2.50%
Commercial-Industrial	2.59%

Source: Jared Swanson House Research



# Share of Tax Liability

Property Classification	Market Value Share (2022 Assessment)	Share of Net Taxes (Payable in 2023)
Farms	16.7%	6.4%
Seasonal Rec Residential	4.1%	2.6%
Commercial and Industrial	12.8%	29.4%
Residential Homes	59.8%	54.2%
Other Residential	6.6%	7.6%

Source: Jared Swanson 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
- Will remain at 70% in 2024
- The revenue for Ag2School comes from state income, sales and other tax revenue



Pay 2024

# 70% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2022	5%	60%
2023	10%	70%
2024	0%	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

<b>PROPOSED TAXES 2024</b>			
THIS IS NOT A BILL. DO NOT PAY.			
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# EQUALIZATION FACTORS FOR LOR & Operating Referendums

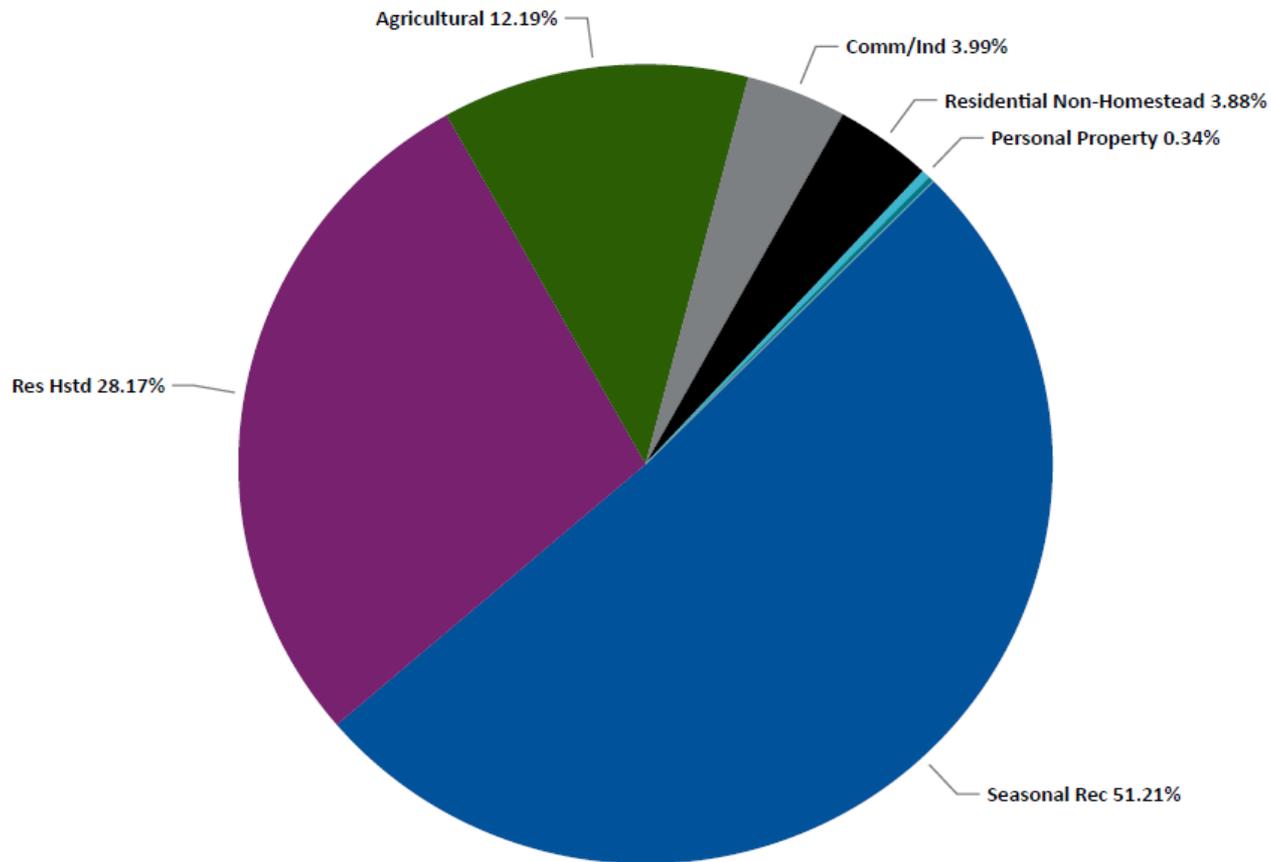
	LOR & Referendum Allowance Levels	Equalizing Factors
Tier 1 LOR	Up to \$300/pupil	\$880,000/RPU
Tier 2 LOR	\$300 up to \$724/pupil	\$587,244/RPU
Tier 1 Op Ref	Up to \$460/pupil	\$567,000/RPU
Tier 2 Op Ref	\$460 up to \$1,520.25/pupil	\$290,000/RPU

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

# School Factors Affecting Pay '24 Levies



# ISD 548's Tax Base Composition



# 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)



# Referendum Picture

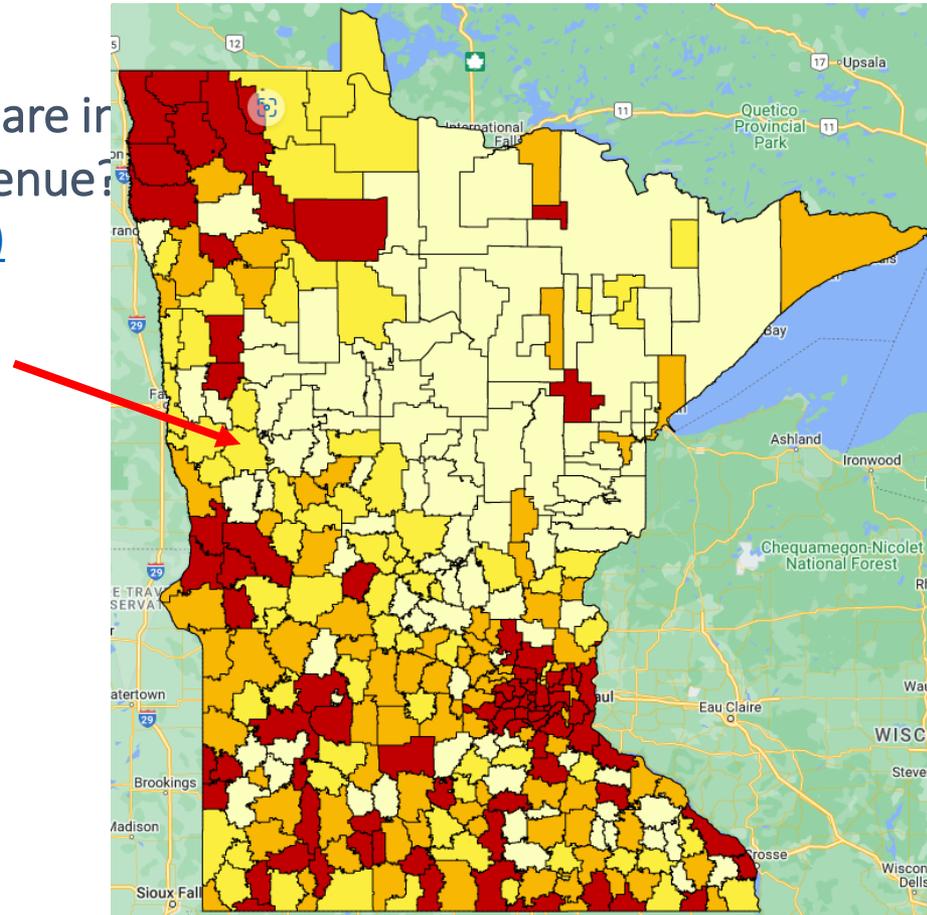
How does our district compare in Operating Referendum Revenue?  
[MNREA Maps \(mreavoice.org\)](http://MNREA Maps (mreavoice.org))

**Our District:**  
\$315 per APU

**Median district:** \$504

**Upper Quartile of  
Referendums** > \$1038

**94 districts:** \$0



## District Operating Referendum per APU FY24

- No Operating Referendum
- Below District Median of \$504/Pupil
- Above District Median of \$504/Pupil
- Well Above Median/Pupil



# Property Wealth Picture

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

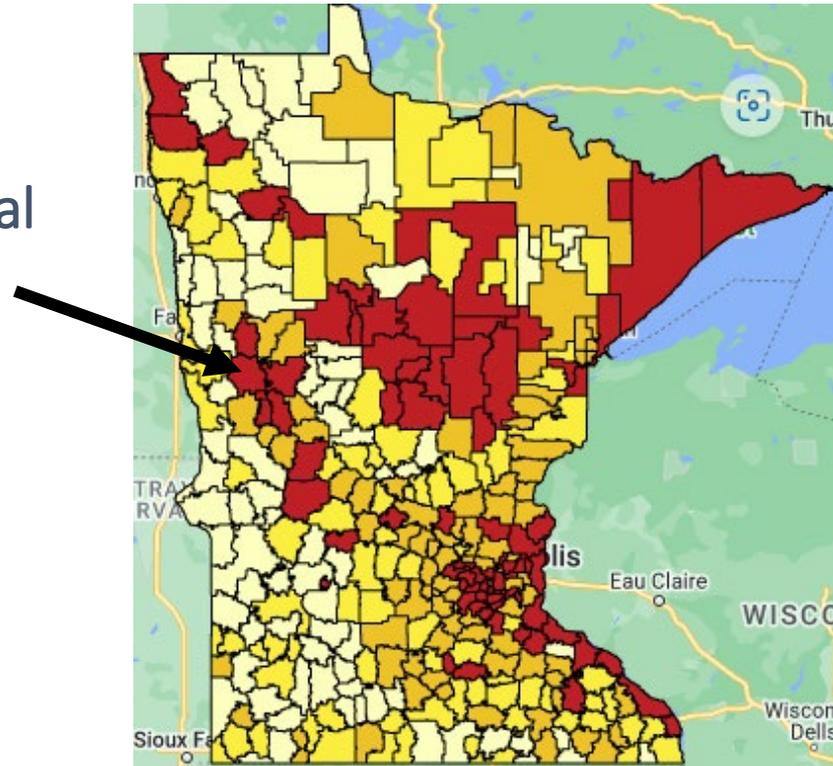
[MNREA Maps](http://mnrea.com)  
[\(mreavoice.org\)](http://mreavoice.org)

**Our District:**

\$ 947,871/RPU

**Median District:**

\$601,021/RPU



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY25

- Lowest RMV/RPU
- Below the Median of \$601,020
- Above the Median of \$601,020
- Highest RMV/RPU



# Putting it All Together



# Proposed Pay '25 Levy

CERTIFICATION FOR ISD #548

Fund	Pay '25 Levy	Dollar Change	Percent Change
General	\$1,780,865.39	\$63,409	3.69%
Community Education	\$218,161.69	\$18,014	9.00%
General Debt Service	\$2,277,945.67	\$1,529	0.07%
Opeb Debt Service	\$0.00	\$0.00	0.00%
<b>TOTAL</b>	<b>\$4,276,972.75</b>	<b>\$82,953</b>	<b>1.98%</b>



# More Information

## State of Minnesota for Property Tax Relief

1-800-652-9094

### County Auditor

**Wayne Stein**

*Auditor-Treasurer*

County Auditor-Treasurer's office

Government Services Center

510 Fir Ave W.

Fergus Falls, MN 56537

Direct Line – 218 998-8041/Office Line – 218 998-8030

ottertailcountymn.us

### School District Contact

**Rudy Martinez**

**Finance Director**

Pelican Rapids Public Schools



(218) 863-9316



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<https://www.pelicanrapids.k12.mn.us>



QUESTIONS?  
THANK YOU.

