

Public Meeting for Taxes Payable in 2020

December , 2020

Agenda

- Background on Property Tax Levies
- Legislative Changes that Affect the 2020 Levy
- Information on School Funding & District Budget
- Proposed Taxes Payable in 2020
- Impact on Taxpayers
- Minnesota Property Tax Refunds
- Public Comments & Questions

Background on Property Tax Levies

Truth in Taxation Law

Minnesota Truth in Taxation Law was revised in 2009

Requirements:

- Public meeting may now be held at a regularly scheduled meeting
- Discussion of proposed property tax levy for taxes payable in 2020
- Current year budget must be discussed
- Levy may be adopted at same meeting
- Must allow for public comment and question

- *Minnesota Statute 275.065*

Minnesota School District Property Taxes

Levy cycle process

1. County or City Assessor determines the market value for each piece of property in the county
2. The Legislature establishes formulas to determine how much of the taxes should be paid by each type of property
3. The County Auditor calculates the tax capacity for each parcel in the county, as well as the total tax capacity for each taxing jurisdiction
4. The Legislature determines the maximum levy limits school districts can assess in each category

Minnesota School District Property Taxes

Levy cycle process

5. The Minnesota Department of Education (MDE) calculates levy limits for each school district, based on formulas approved by the Legislature
6. The School Board adopts a proposed levy in September, holds a public meeting, then finalizes the levy amount in December
7. The County Auditor divides the final levy by the district's Net Tax Capacity (or Referendum Market Value) to establish rates
8. The County Auditor applies those rates to each parcel and prepares the final statements for mailing

Property Tax Background

- Includes taxes for cities, township, counties and schools where the property is located
- Each jurisdiction sets its own levy and follows specific limits set by state law
- County sends out the bills, collects the taxes and distributes revenue back to each jurisdiction

Authority for School Levies

A school district tax levy must be either:

Voter approved

or

Set by state law

Legislative Changes That Affect the 2020 Levy

Legislative Changes That Affect the 2020 Levy

The 2019 legislature approved changes in school funding formulas for levies payable in 2020:

- Items approved in 2019 Session
 - Increased General Education formula by 2% for FY20

Information on School Funding & District Budget

School District Funds

The School District is required to record revenues and expenses in different *funds*. Each fund has a definite purpose.

1. General Fund (Levy and other revenue)

- a) Daily operating costs
 - i. Salaries and benefits
 - ii. Utilities
- b) Local operating referendum levy
- c) Health and Safety code compliance, handicap accessibility, asbestos removal, and safety requirements
- d) Transportation
- e) Capital Expenditures

School District Funds (cont.)

2. Food Service Fund (No Levy)

Contains revenue and expenditures for breakfast and lunch programs

3. Community Ed Fund (Levy and other)

Accounts for the Lifelong Learning Programs in the District
Levy Based on:

- Adult population of the District
- Early Childhood levy is based on the number of children under 5 years of age

School District Funds (cont.)

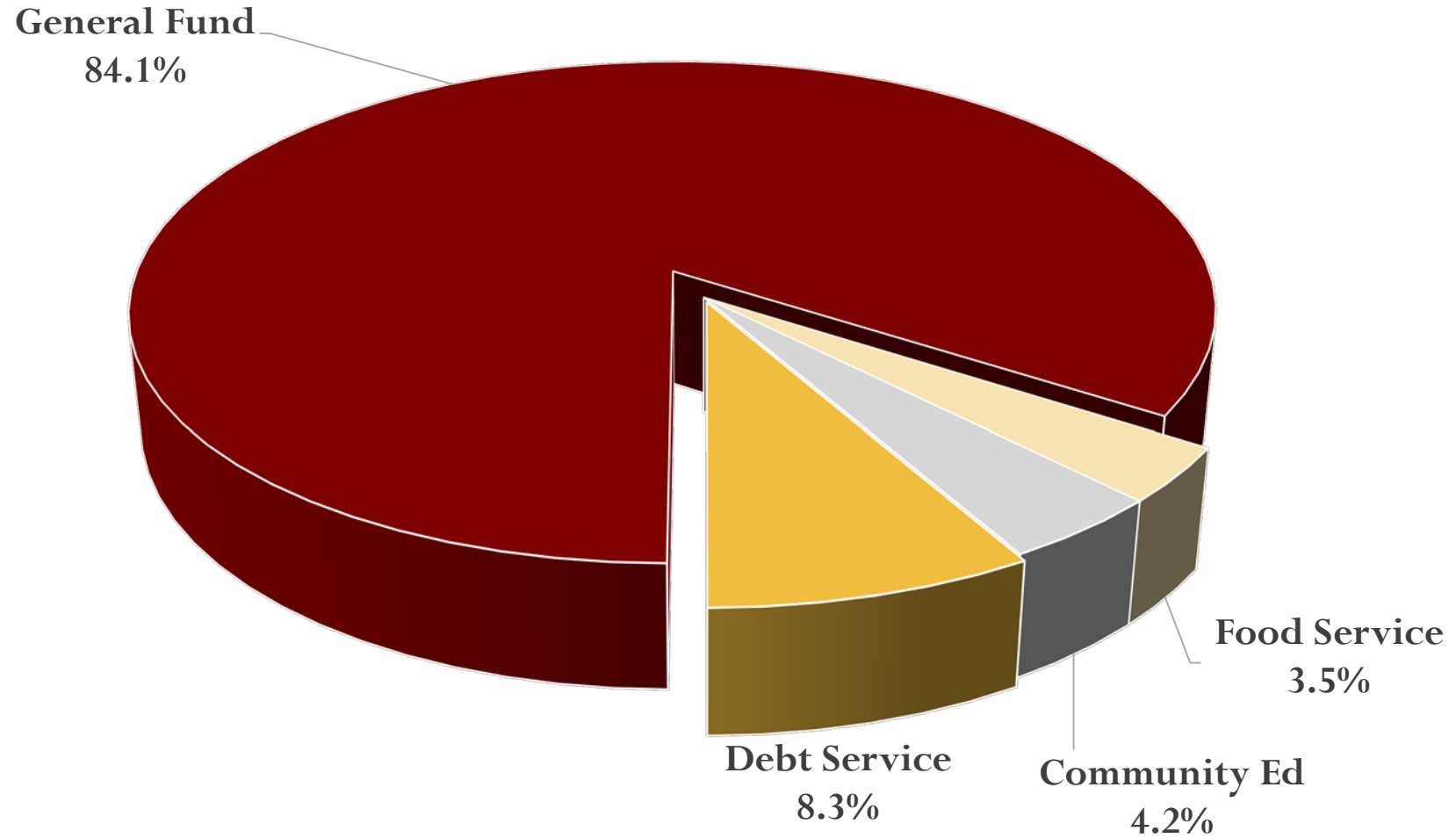
4. Debt Service Fund (Levy)

Levy to pay off Principal and Interest Payments for building projects approved by the voters and Alternative Facility Bonds which relate to Health and Safety projects (now Long Term Facility Maintenance funding)

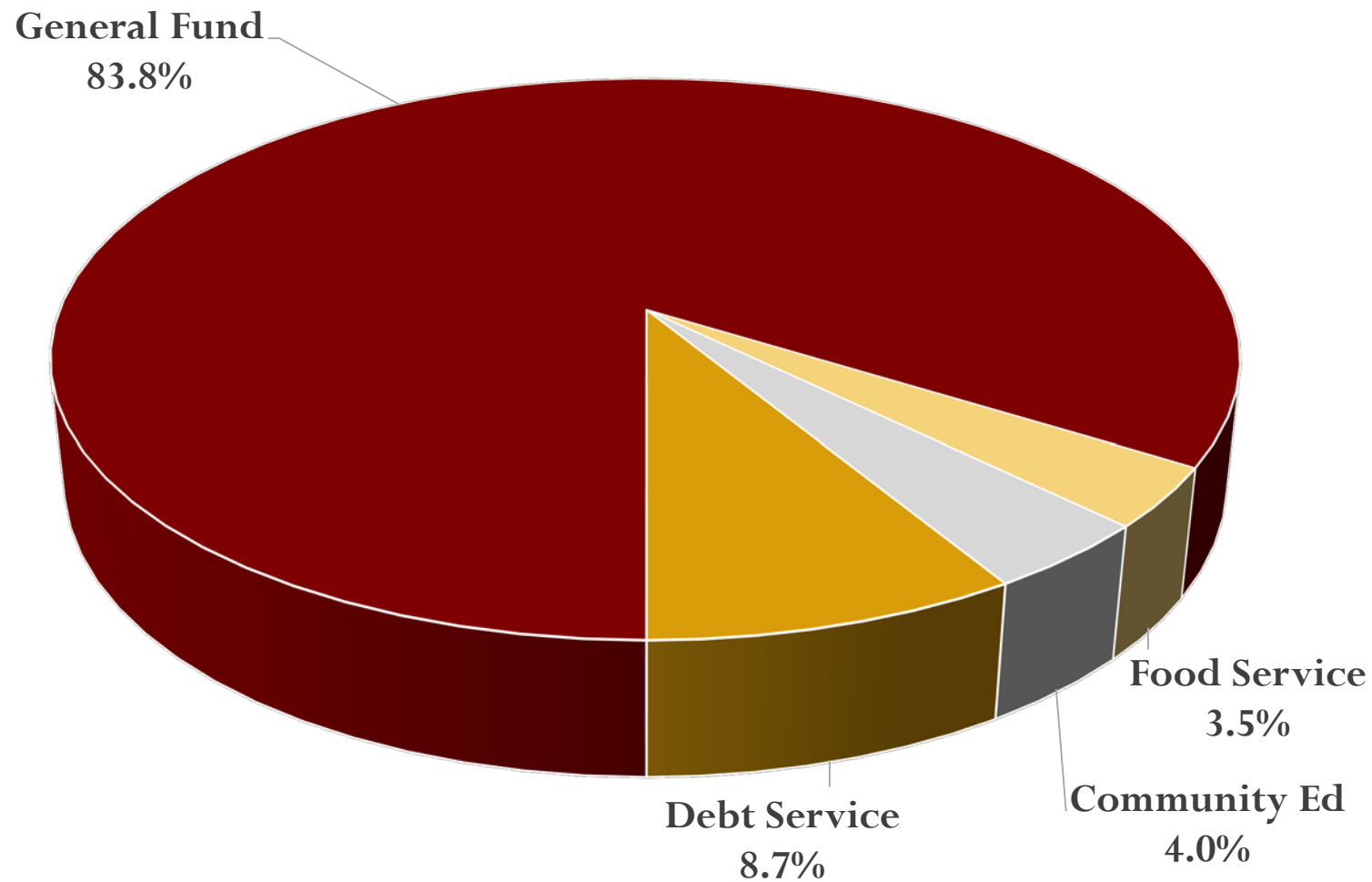
Fiscal Year 2019-20 Budget

Revenues		General Fund	Food Service Fund	Community Ed. Fund	Debt Fund	Total
Levy		10,374,684	-	407,505	4,765,914	15,548,103
Misc. Local Revenue		3,651,699	1,130,235	1,712,991	8,000	6,502,925
State Aid		33,902,571	102,000	319,252	52,000	34,375,823
Federal Aid		1,260,364	791,000			2,051,364
Total Revenues		49,189,318	2,023,235	2,439,748	4,825,914	58,478,215
Expenses		General Fund	Food Service Fund	Community Ed. Fund	Debt Fund	Total
Salaries/Benefits		38,824,490	901,404	2,006,100		41,731,994
Purchased Services		5,602,305	86,000	312,934		6,001,239
Supplies		2,128,521	1,080,200	97,990		3,306,711
Equipment/Bldg.		1,692,495	30,500	12,412		1,735,407
Improvements			-			-
Debt Service			-		5,274,819	5,274,819
Misc.		2,622,298	1,500	2,720		2,626,518
Total Expenses		50,870,109	2,099,604	2,432,156	5,274,819	60,676,688
Annual Budget Balance		(1,680,791)	(76,369)	7,592	(448,905)	(2,198,473)

Revenues by Fund 2019-20



Expenses by Fund 2019-20



Proposed Taxes Payable in 2020

Proposed Property Taxes Payable in 2020

	Certified Pay 2019 Levy	Proposed Pay 2020 Levy
Voter Approved Levies	\$ 10,150,746	\$ 10,390,630
Other Local Levies	<u>\$ 5,397,356</u>	<u>\$ 5,190,656</u>
School District Total	\$ 15,548,102	\$ 15,581,286

Proposed Tax Levy Payable in 2020

Funds	Certified Payable 2019	Proposed Levy Payable 2020	Difference from Pay 2019 (\$)
General Fund			
Referendum	5,240,061	5,507,168	267,108
Local Optional Revenue	1,597,692	1,679,179	81,487
Equity	364,144	355,390	(8,754)
Capital Projects Levy	750,000	750,000	0
Student Achievement (Gen Ed)	80,197	36,642	(43,555)
Operating Capital	401,419	290,984	(110,435)
Annual OPEB	515,831	572,147	56,316
Reemployment Insurance	5,944	3,000	(2,944)
Safe Schools	151,949	152,612	663
Career Technical	19,734	22,050	2,316
LTFM	790,409	1,099,879	309,470
Lease	329,515	333,351	3,836
General Fund Adjustments	127,790	(587,774)	(715,564)
Total General Fund	10,374,685	10,214,629	(160,056)
Community Service	407,503	404,182	(3,321)
Debt Service	4,765,914	4,962,475	196,561
OPEB Debt Service	-	-	0
Total Proposed Levy	15,548,102	15,581,286	33,184
Percent Increase over Pay 2016			0.21%

Factors That Cause Property Tax Changes

Many factors may cause the individual property tax statement to increase or decrease from year to year:

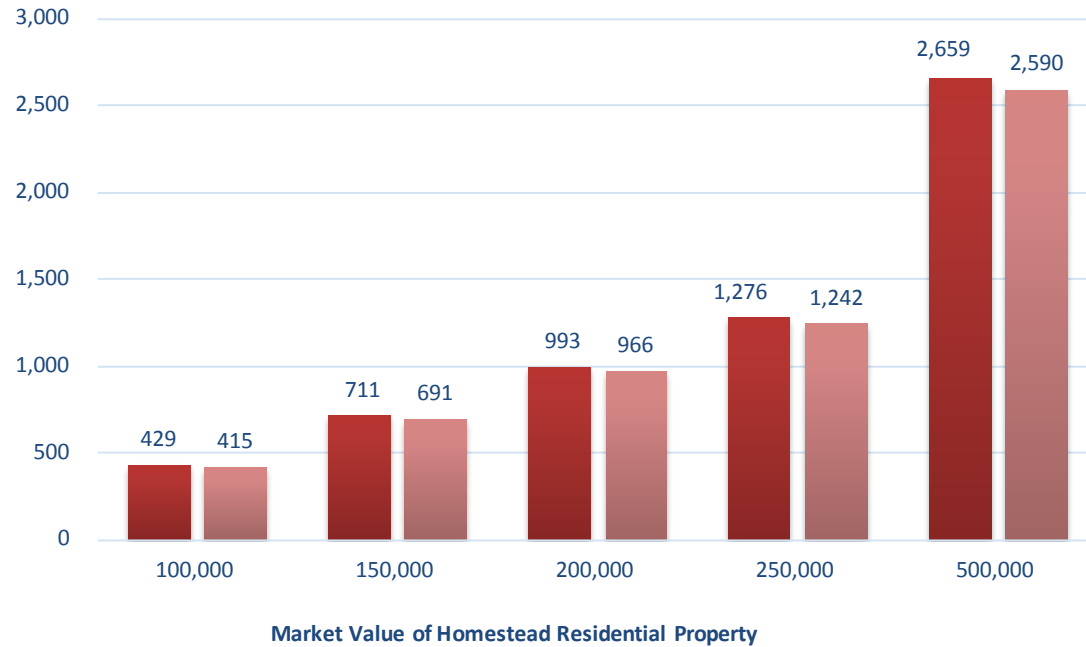
- Voter approved referendums
- Changes in enrollment
- Levy adjustments to prior years
- Legislative changes
- Changes in market values
- Changes in class rates/history

Impact on Taxpayer

Impact on Taxpayer

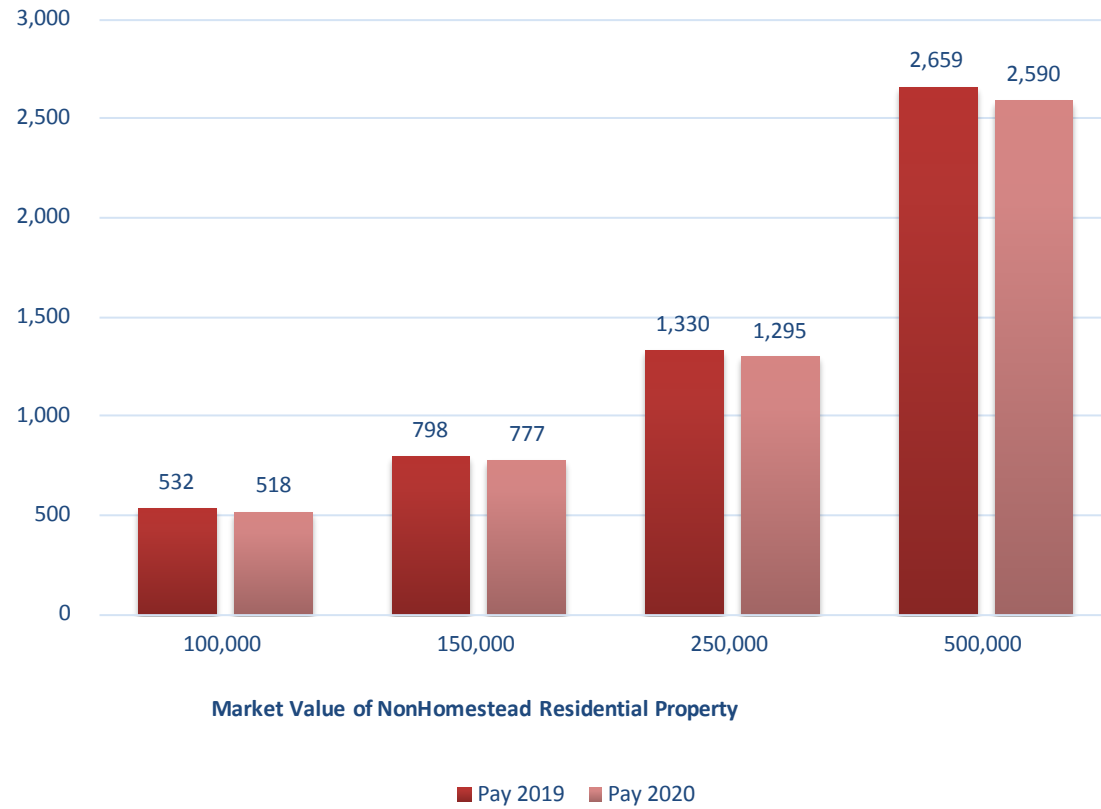
- Following, are charts showing examples of changes in the School District portion of property taxes
- Examples include School District taxes only
- Figures for 2020 are estimates based on data available from the County (final figures may change slightly)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



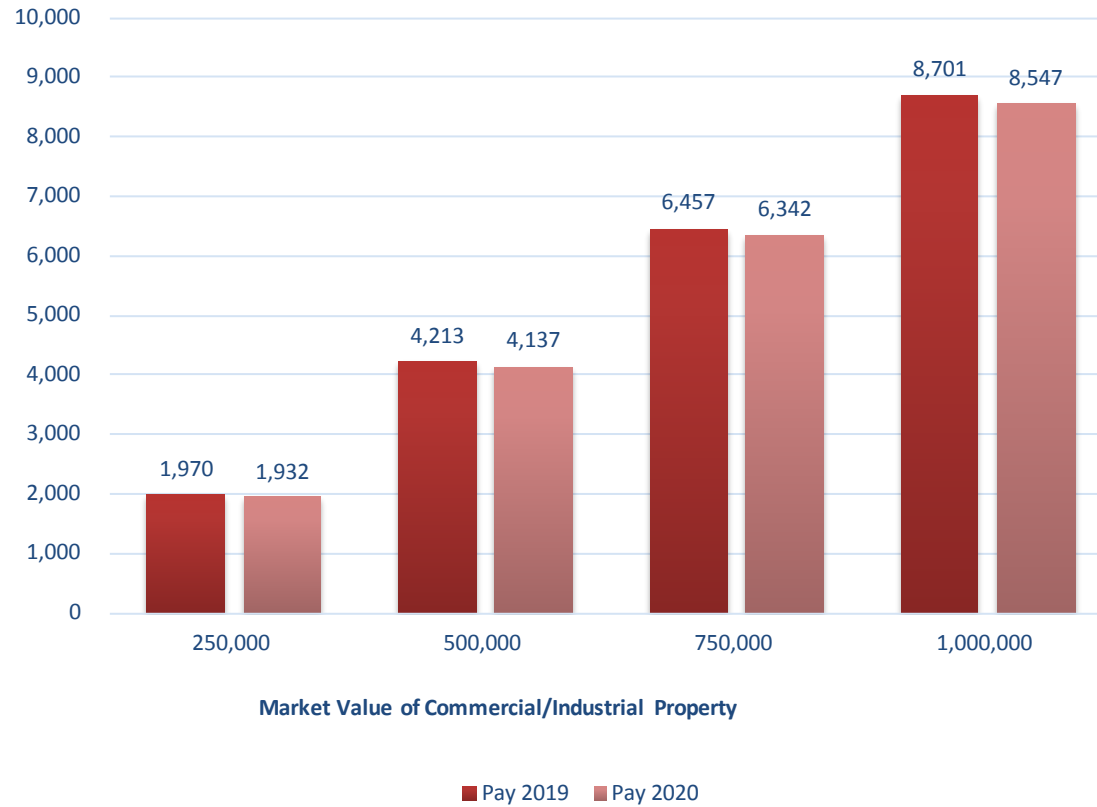
Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
100,000	429	415	(13)
150,000	711	691	(20)
200,000	993	966	(27)
250,000	1,276	1,242	(34)
500,000	2,659	2,590	(69)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



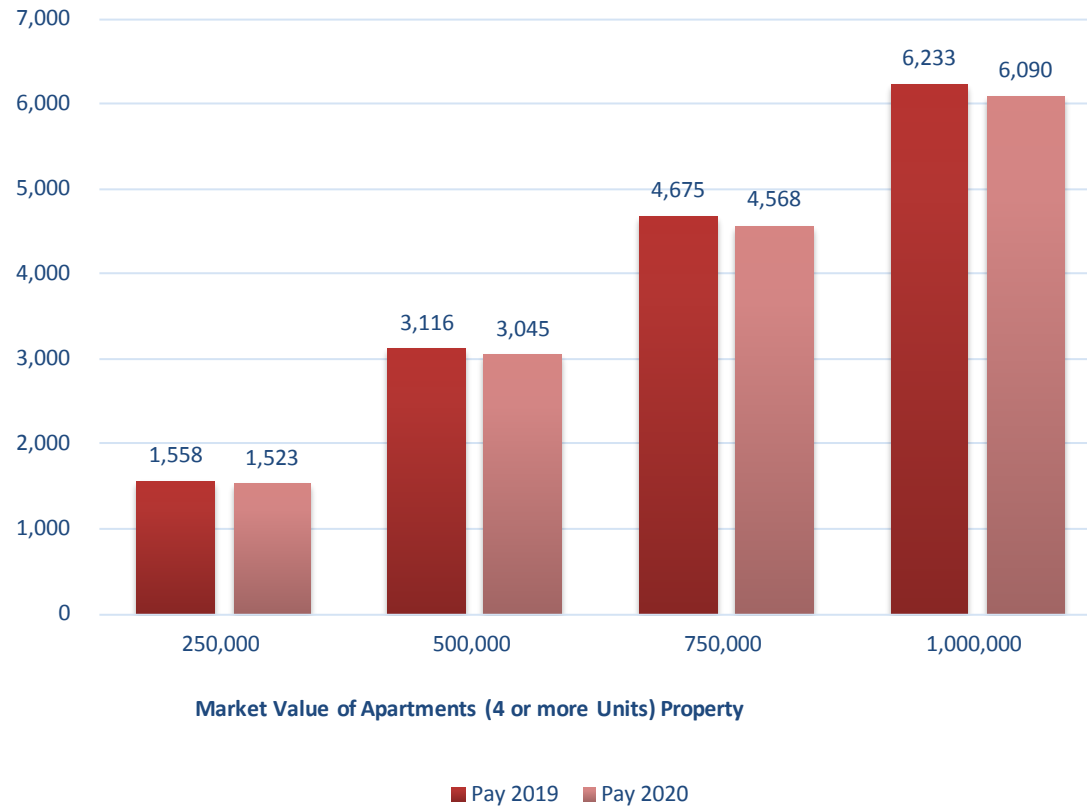
Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
100,000	532	518	(14)
150,000	798	777	(21)
250,000	1,330	1,295	(35)
500,000	2,659	2,590	(69)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



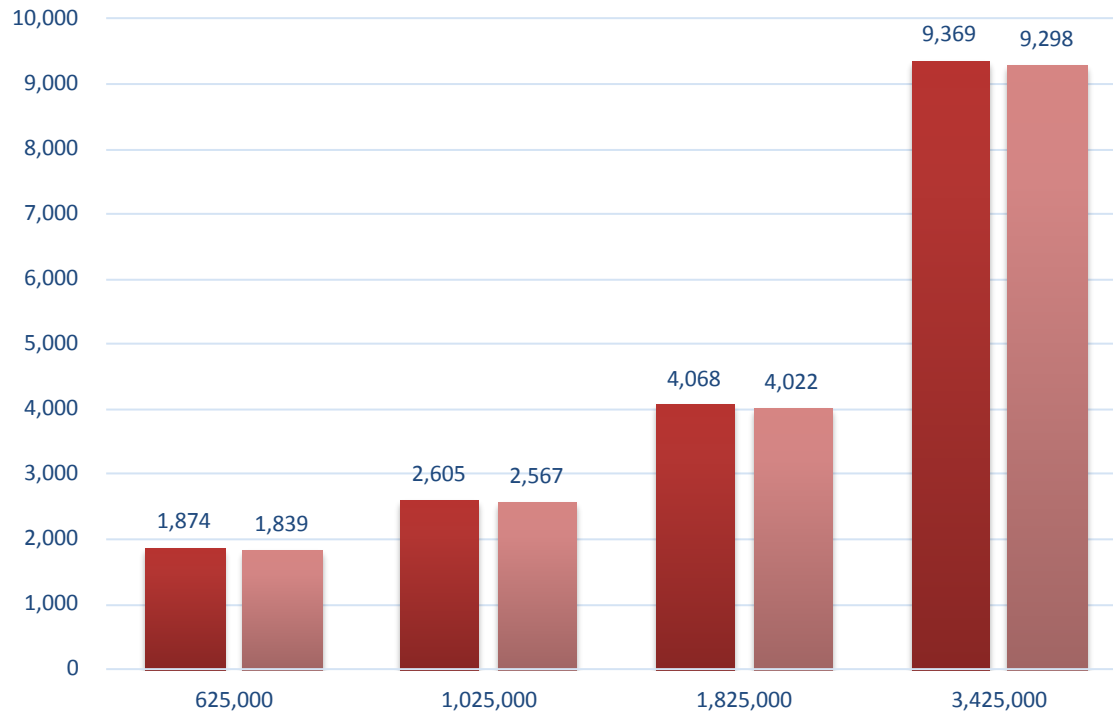
Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
250,000	1,970	1,932	(38)
500,000	4,213	4,137	(77)
750,000	6,457	6,342	(115)
1,000,000	8,701	8,547	(154)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
250,000	1,558	1,523	(36)
500,000	3,116	3,045	(71)
750,000	4,675	4,568	(107)
1,000,000	6,233	6,090	(143)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



Market Value of Agricultural Homestead Property

■ Pay 2019 ■ Pay 2020

Acres	Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
80	625,000	1,874	1,839	(35)
160	1,025,000	2,605	2,567	(38)
320	1,825,000	4,068	4,022	(45)
640	3,425,000	9,369	9,298	(71)

Property Tax Comparisons - Pay 2019 Versus Pay 2020



Acres	Market Value of Property	Pay 2019	Pay 2020	Increase/ (Decrease)
80	400,000	1,462	1,455	(7)
160	800,000	2,925	2,911	(14)
320	1,600,000	5,850	5,822	(28)
640	3,200,000	11,700	11,644	(56)

Minnesota Property Tax Refunds

Minnesota Property Tax Refunds

Two different tax refund program available from the state

- Minnesota Property Tax Refund
(aka "circuit breaker" refund)
- Special Property Tax Refund

Complete form M-1PR

For help with the forms and instructions contact:

- Your tax professional
- Minnesota Department of Revenue
 - (651) 296-4444
 - www.taxes.state.mn.us

Comments and Questions