

PUBLIC HEARING

**2025-26 Budget
& Proposed 2026
Property Taxes**

South Koochiching-Rainy River

December 17, 2025

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '26
- Putting it All Together and Questions



Big Picture



Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989 MS 275.065
- 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 2026 levy
- Fiscal year 2026 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:

- **State Formula Set 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?

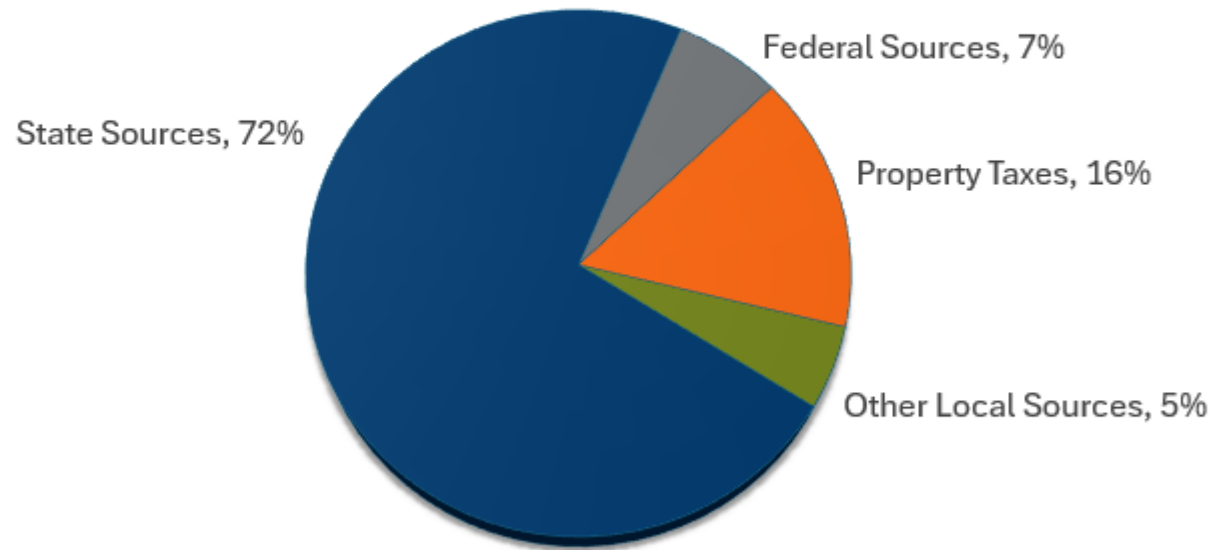
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel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



Sources of General Funds Across the State

**Sources of Funds - Statewide
Fiscal Year 2023-24**



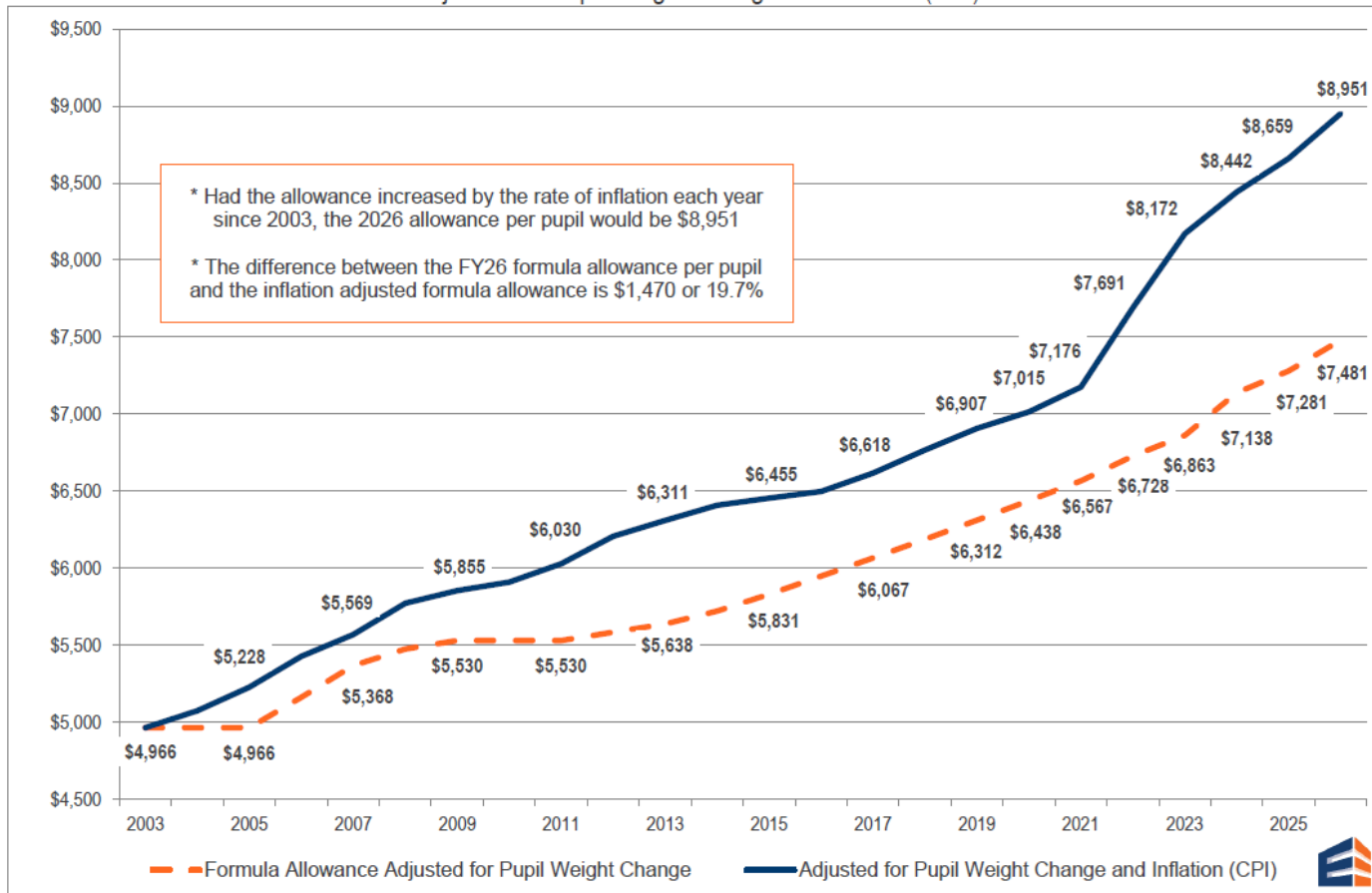
Source: MDE 2024 Consolidated Financial Report



Funding will trail inflation by \$1,470 per pupil in FY26

General Education Formula Allowance, 2003-2026

Adjusted for Pupil Weight Change and Inflation (CPI)

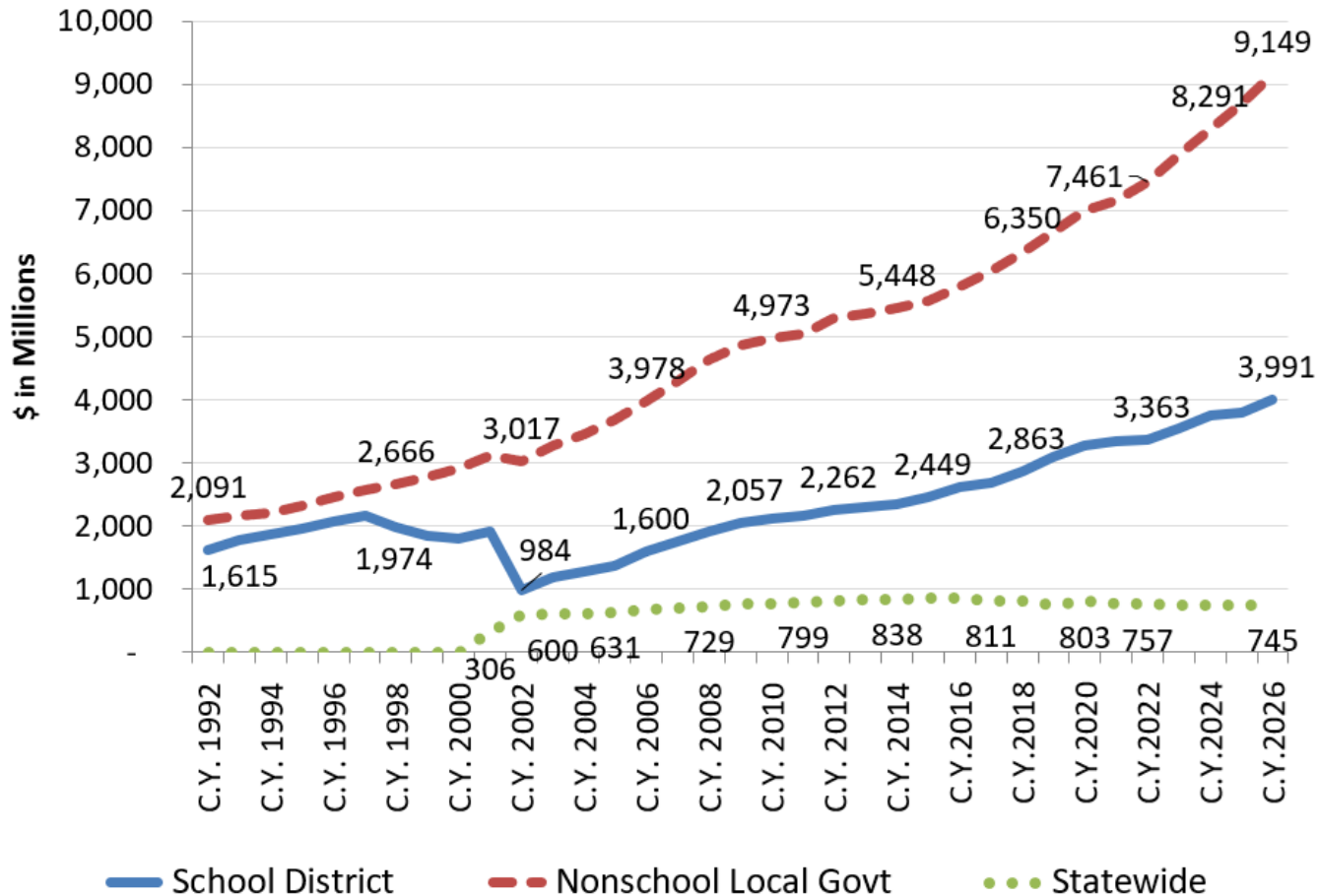


Source: MDE December 2024 CPI Inflation Estimates and Minnesota Laws 2023



Property Tax Levies: School vs Non School

Payable 1992-2026



Source: MDE



25-26 School Year Budget

*FY 26 Adopted Budget includes a transfer of \$26,527 from the general fund to the food service fund and \$15,616 to the community service fund.

FY 26 Adopted Budget			
FUNDS	FY 26 Expenditures	FY 26 Revenue	
01 General*	\$5,643,447.00	\$5,597,500.00	-\$45,947.00
02 Food Service*	\$189,727.00	\$189,727.00	\$0.00
04 Community Service	\$41,836.00	\$41,836.00	\$0.00
07 Debt Service	\$254,125.00	\$268,600.00	\$14,475.00
08 Trust and Agency	\$20,000.00	\$20,000.00	\$0.00
Total	\$6,149,135.00	\$6,117,663.00	-\$31,472.00



Property Classifications and Value



Know Your Valuation

- ☐ Property classification and market value
- ☐ Sent Spring 2025; cannot change value
- ☐ Watch for 2026 statement for 2027 in SPRING and where to appeal

PROPOSED TAXES 2026

THIS IS NOT A BILL. DO NOT PAY.

Step 1	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2025	2026
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$33,050
	Taxable Market Value	\$125,000	\$116,950
	Class	Res NHmstd	Res Hmstd
Step 2	PROPOSED TAX		
	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 2026		
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	2025
Farm	0.41%
Seasonal Rec	0.74%
Residential Homestead	1.15%
Apartment	1.43%
Public Utility	2.44%
Commercial-Industrial	2.90%

Source: MN Dept of Revenue



Share of Tax Liability

Property Classification	Market Value Share (2024 Assessment)	Share of Net Taxes (Payable in 2025)
Farms	20.0%	6.8%
Seasonal Rec Residential	4.0%	2.5%
Commercial and Industrial	11.4%	26.2%
Residential Homes	57.0%	54.8%
Other Residential	6.4%	7.5%

Source: MN Dept of Revenue



Ag2School Ag & Rural Land 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 2026
- The revenue for Ag2School comes from state income, sales and other tax revenue



Find Your Ag2School Credit

Tax Statement (sample)

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification
- Mailed by each county no later than March 31.



Tax Detail for Your Property:

<u>Taxes Payable Year:</u>	<u>2025</u>	<u>2026</u>
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,524.26
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,422.08	
<u>Property Tax and Credits</u>		
3. Property taxes before credits	\$1,422.08	\$1,524.26
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	\$0.00	\$0.00
B. Taconite tax relief	\$0.00	\$0.00
C. Other credits	\$0.00	\$0.00
5. Property taxes after credits	\$1,422.08	\$1,524.26
<u>Property Tax by Jurisdiction</u>		
6. County	\$438.06	\$474.18
Regional Rail Authority	\$5.96	\$6.18
7. City or Town	\$273.79	\$302.06
8. State General Tax	\$0.00	\$0.00
9. School district		
A. Voter approved levies	\$289.35	\$296.68
B. Other local levies	\$340.11	\$364.60



Ag2School Ag Land Credit Pay '25

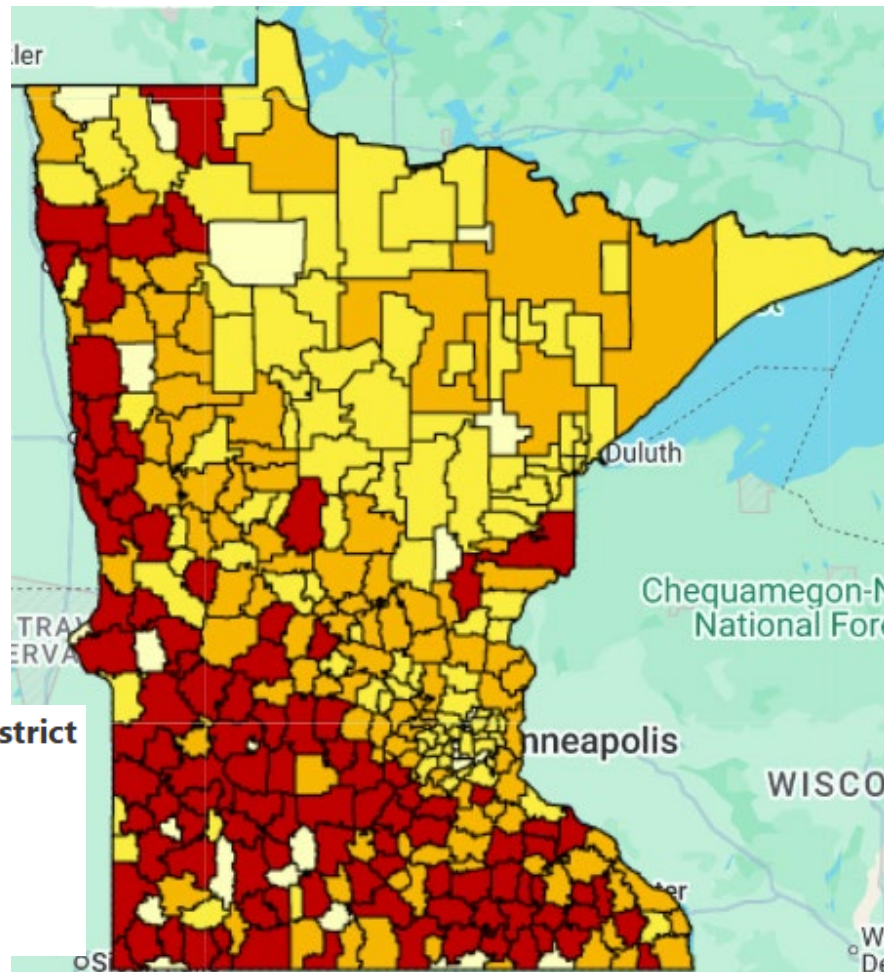
How does your
school district
compare?

in total
Ag2School
credit?

[View Interactive Map](#)

Ag2School Ag Land Credit Pay '25 per District

- No credits
- Less than \$140,000 in credits
- Between \$140,000 to \$380,000 in credits
- Greater than \$380,000 in credits



Source: MN Dept of Education



School Factors Affecting Pay '26 Levies



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

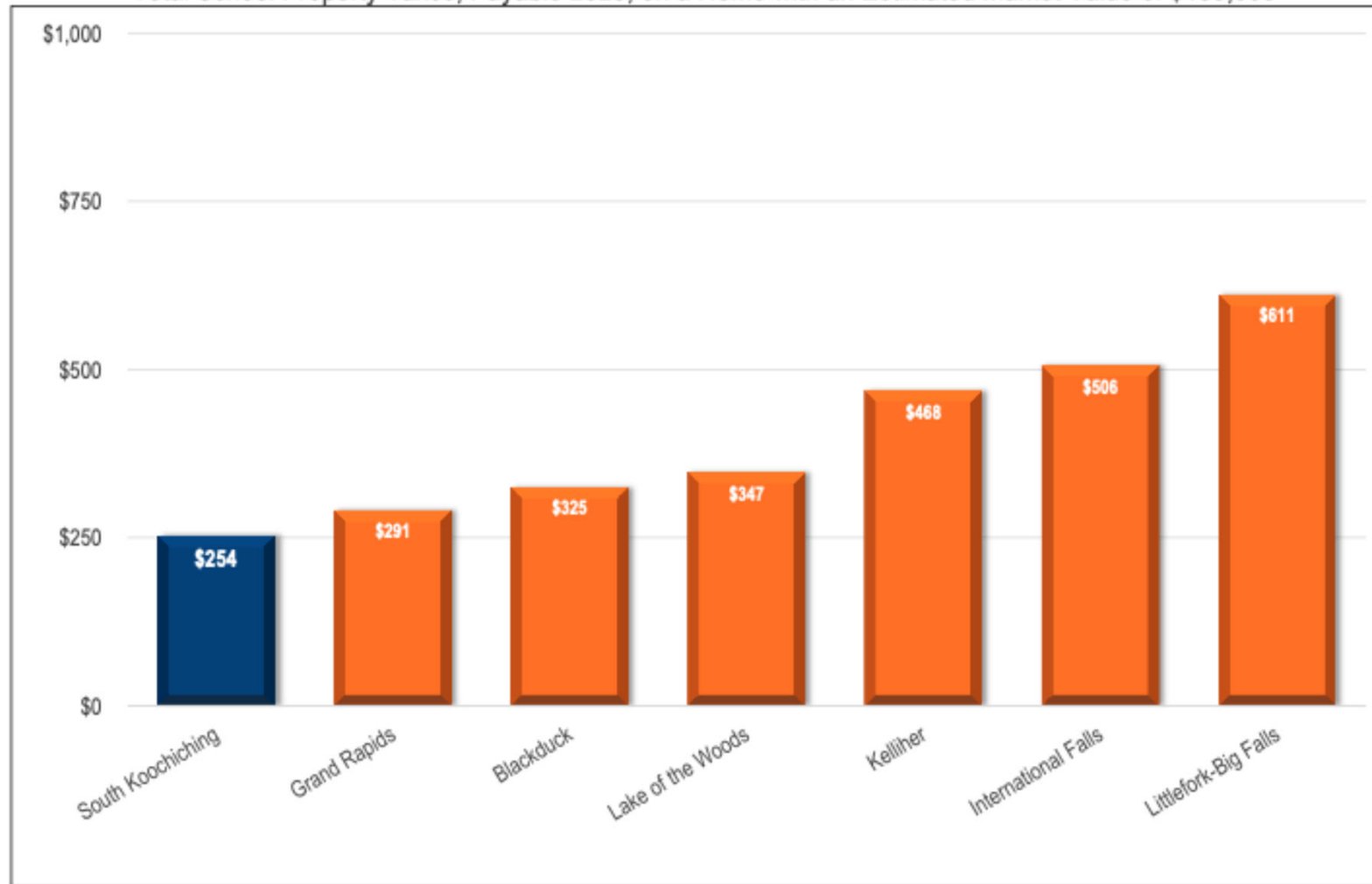
Equalization aid depends on district property wealth per pupil

- Local decisions and requirements
- Adjustment for prior years (estimate to actual)
- Legislative changes (Local Optional Revenue)



South Koochiching School District

Total School Property Taxes, Payable 2025, on a Home with an Estimated Market Value of \$135,000



Source: Pay 2025 School Tax Report

Putting it All Together



Proposed Pay '26 Levy

CERTIFICATION FOR (South Koochiching-Rainy River)

Fund	Pay '26 Levy	Increase/ (Decrease) from Pay '25	Percent Change
General	\$229,347.35	(39,116.90)-	-14.57%
Community Education	\$8,478.02	(2.45)-	-.03%
General Debt Service	\$254,684.06	39,119.06	18.15%
OPEB Debt Service			
TOTAL	\$492,509.43	(.29)-	0%



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor

Joan Nelson

Auditor's Office Phone: 218-283-1112

School District Contact

Jeremy Tammi Superintendent 218-897-5275



QUESTIONS?

THANK YOU.

