

PUBLIC HEARING

2024-25 Budget
& Proposed 2025
Property Taxes

Pipestone Area Schools

Pipestone, MN

December 2024

Resources provided by



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 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:

- **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*.

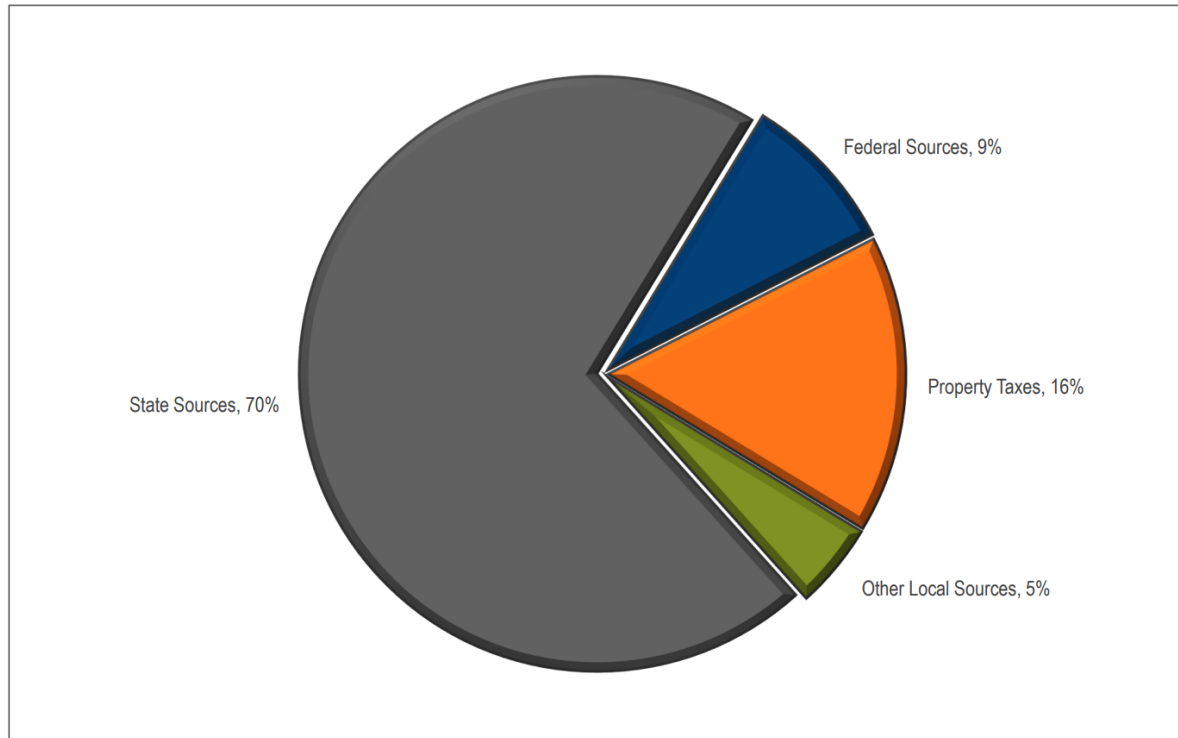
*Certain levies are spread based on Market Value rather than tax capacity.



Sources of General Funds Across the State

Sources of Funds - General Fund

Fiscal Year 2022-23

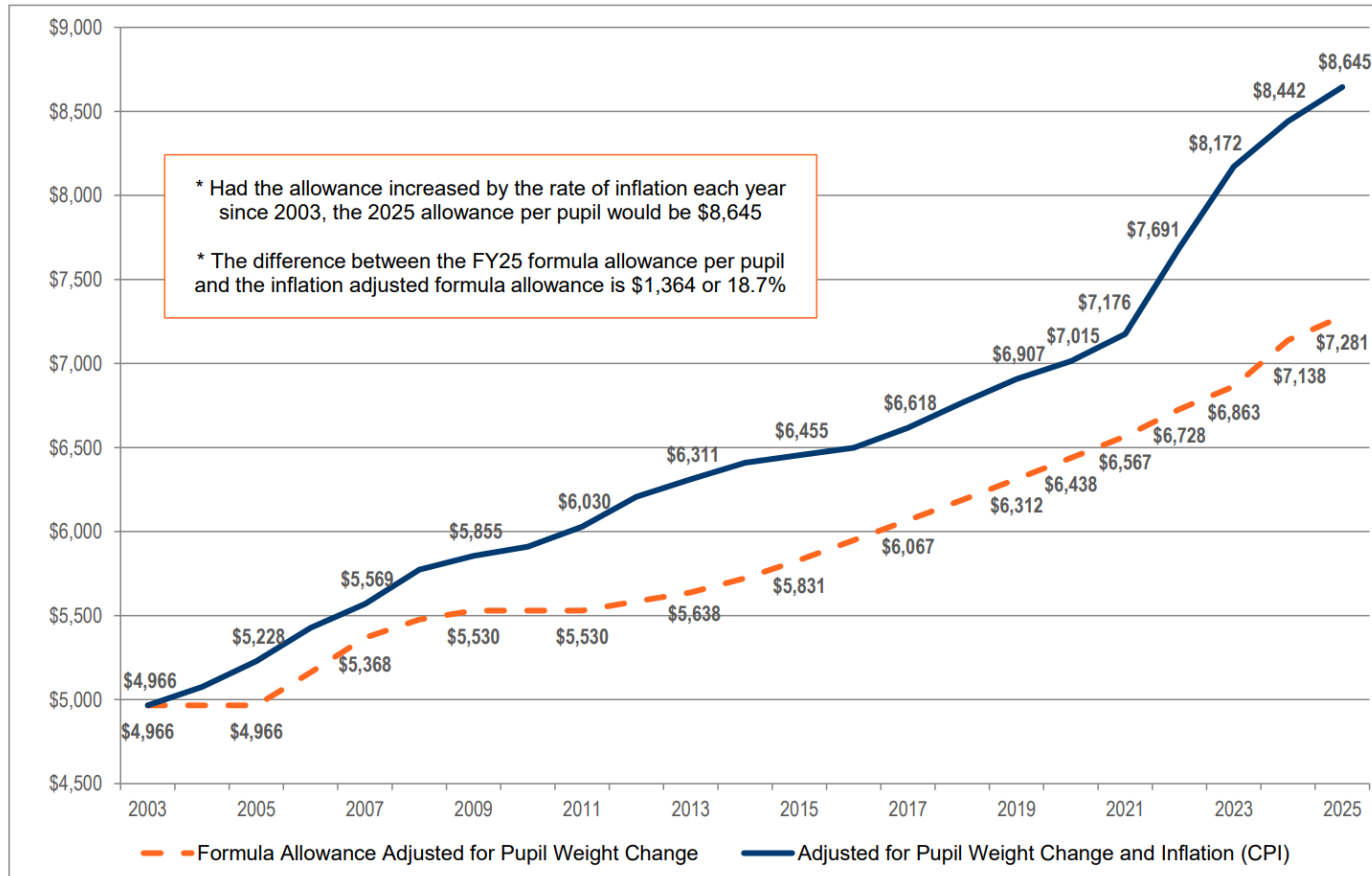


Source: MDE 2023 Consolidated Financial Report, most recent available Statewide data



Funding will trail inflation by \$1,364 per pupil in FY25

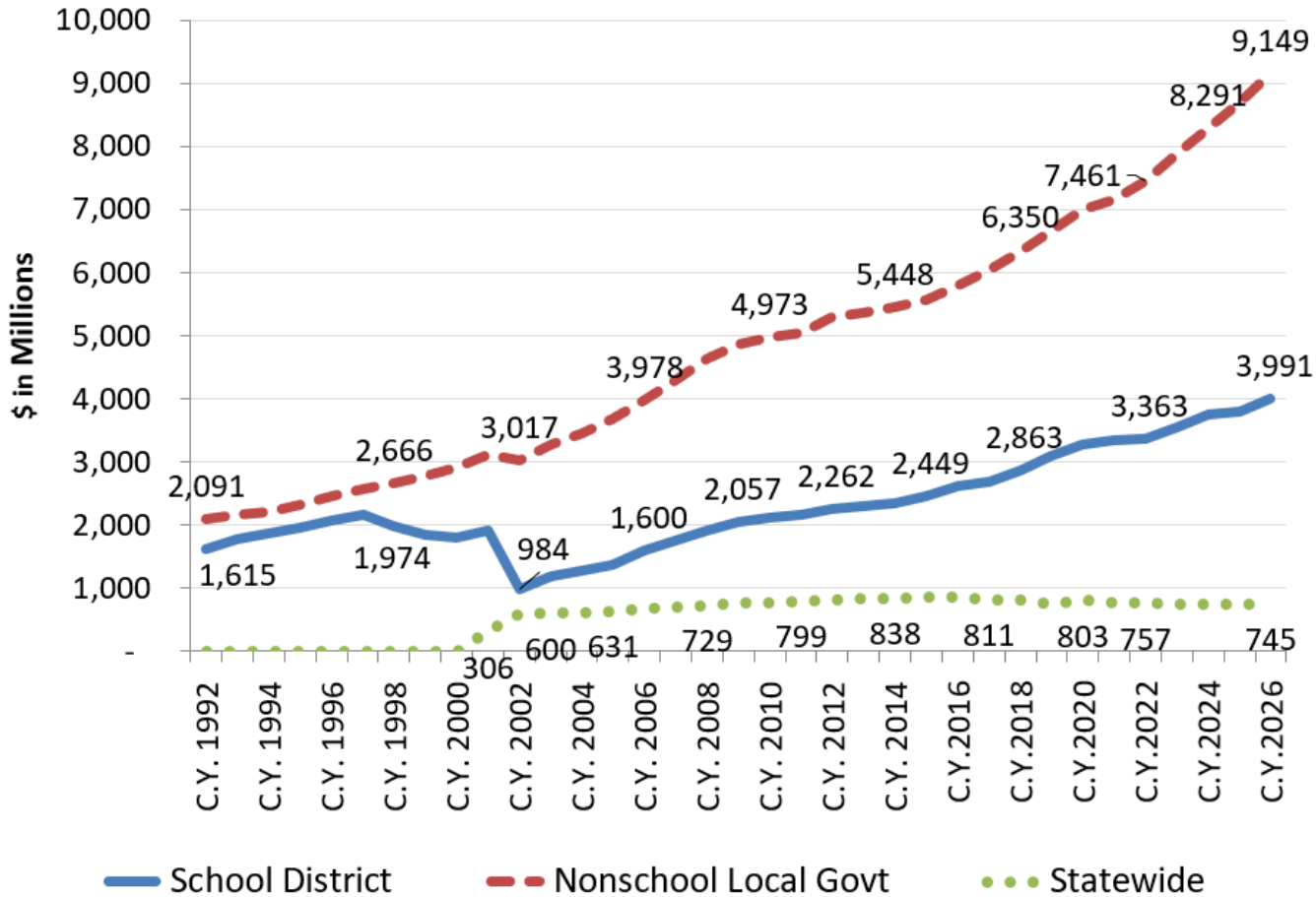
General Education Formula Allowance, 2003-2025
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023



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



24-25 School Year Budget

Fund	Revenues	Expenses	Net
General	\$15,452,490	\$16,973,706	-\$1,521,216
Food Service	\$1,146,687	\$1,112,796	\$33,891
Community Education	\$330,900	\$376,812	-\$45,912
General Debt Service	\$2,244,461	\$2,192,952	\$51,509
Building Construction	\$132,000	\$175,000	-\$43,000
TOTAL	\$19,306,538	\$20,831,266	-\$1,524,728



Property Classifications and Value



Tax Statement

2025

2024 Values for Taxes Payable in

Know Your Valuation

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

Values and Classification			
Taxes Payable Year:		2024	2025
Step 1	Estimated Market Value:	\$141,100	\$143,000
	Homestead Exclusion:	\$24,541	\$33,680
	Taxable Market Value:	\$116,559	\$109,320
	New Improvements:	\$0	\$0
	Property Classification:	RES HMSTD	RES HMSTD
Sent in March 2024			
Step 2			
Proposed Tax			
Proposed Tax:			\$1,570
Sent in November 2024			
Step 3			
Property Tax Statement			
First-half Taxes:			\$777.13
Second-half Taxes:			\$777.13
Total Taxes Due in 2024:			\$1,554.26

Effective Tax Rates

Property Classification	2024 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



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 2025
- The revenue for Ag2School comes from state income, sales and other tax revenue



Pay 2025

70% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2022	5%	60%
2023	10%	70%
2024	0%	70%
2025	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



Tax Detail for Your Property:

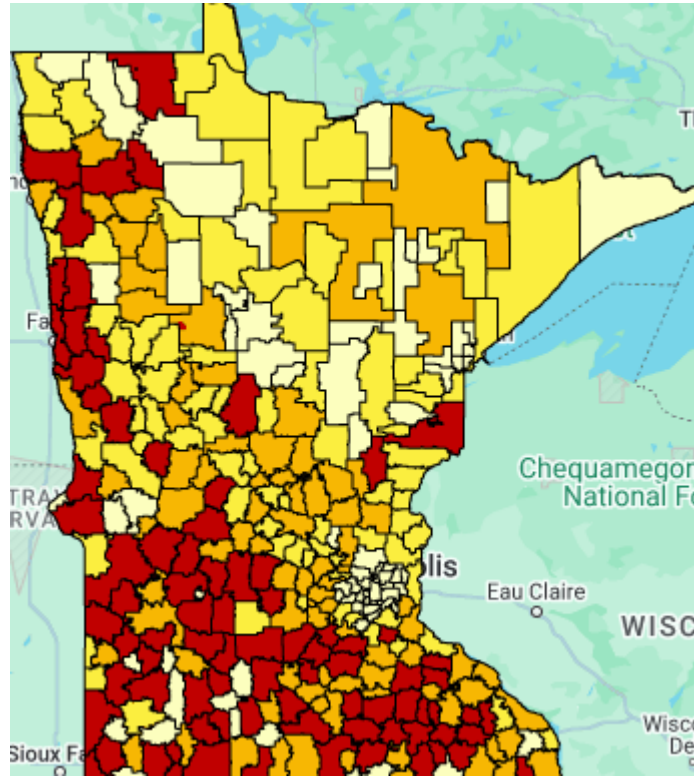
Taxes Payable Year:	2024	2025
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	\$1,524.26
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	\$1,422.08	
Property Tax and Credits		
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
Property Tax by Jurisdiction		
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 in Pay 2024

How does our school district compare in total Ag2School credit?

[MREA Maps](#)



70% Ag2School Total Bond Credit Pay 24

- Well Below Median
- Below Median of \$196,185
- Above Median of \$196,185
- Well Above Median



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	\$642,038/RPU
Tier 1 Op Ref	Up to \$460/pupil	\$567,000/RPU
Tier 2 Op Ref	\$460 up to \$1,556.75/pupil	\$290,000/RPU

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

School Factors Affecting Pay '25 Levies

#PROUDARROWS



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?

MREA Maps

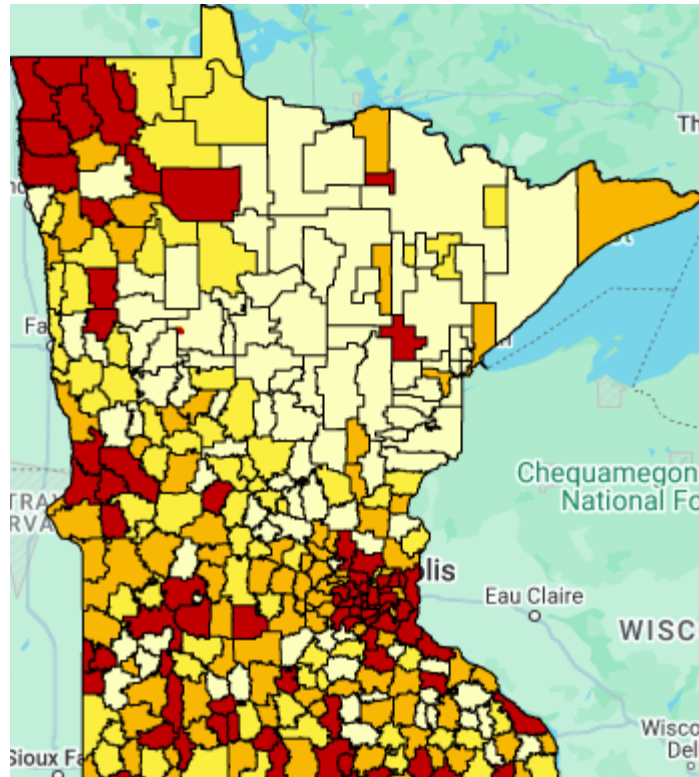
Our District:

\$474 per APU

Median district: \$513

**Upper Quartile of
Referendums** > \$1025

94 districts: \$0



District Operating Referendum per APU FY25

- No Operating Referendum
- Below District Median of \$513/Pupil
- Above District Median of \$513/Pupil
- Well Above Median/Pupil



Property Wealth Picture

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

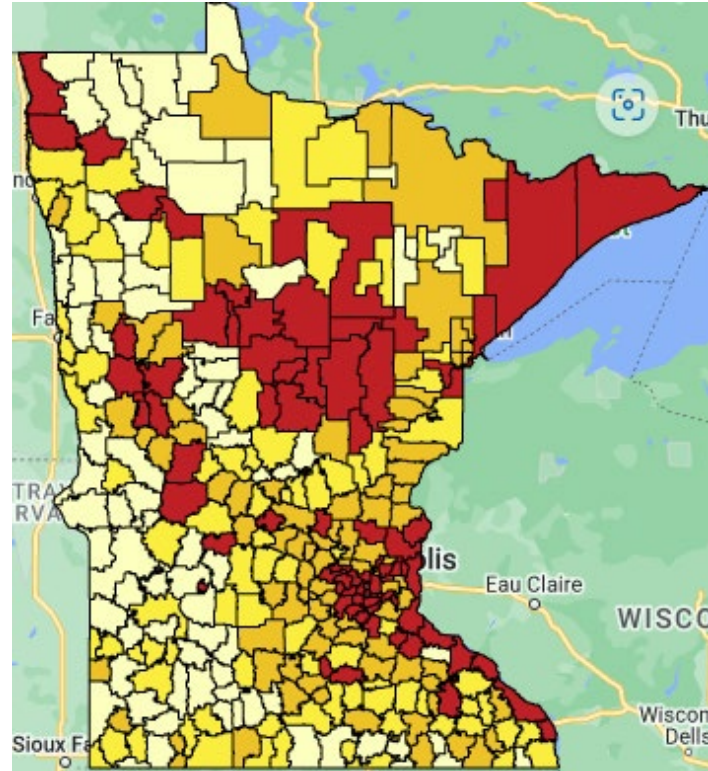
MREA Maps

Our District:

\$ 400,457 per RPU

Median District:

\$601,021/RPU

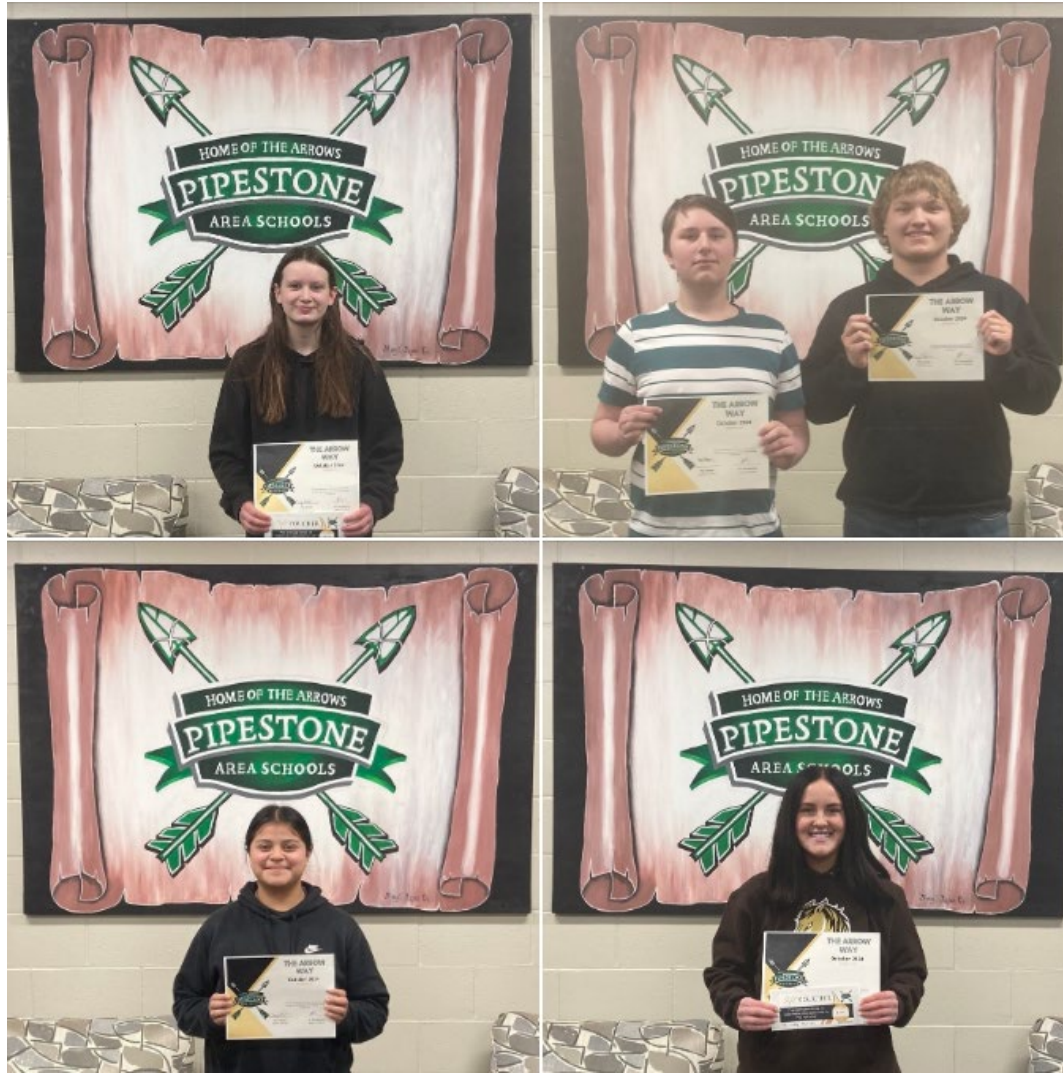


Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY25

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



Putting it All Together



Long-Term Facility Maintenance

Included in School Property Taxes for Pay '25

- School Board and MDE approved 10-year facility maintenance plan.
- LTFM Revenue: \$ 245,145
 - State share (Aid): \$35,116
 - Local share (levy): \$ 210,029
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Proposed Pay '25 Levy

CERTIFICATION FOR Pipestone Area School

Fund	Pay '25 Levy	Increase/ (Decrease) Pay '24	Percent Change
General	\$1,988,172	\$405,813	25.65%
Community Education	\$126,028	\$11,277	9.83%
General Debt Service	\$2,183,483	\$(44,659)	-2.0%
TOTAL	\$4,297,683	\$372,431	9.49%

Ag2School 70% Credit of approximately \$1,024,945 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

Amanda Sandy

Auditor's Office Phone: (507)825-1140

School District Contact

Klint Willert or Jacque Kennedy

Office phone: (507)562-6068



QUESTIONS?

THANK YOU.

