



# ISD 191 Burnsville Eagan Savage

## Public Hearing for Taxes Payable in 2026

DECEMBER 11, 2025

PRESENTED BY:

STACEY SOVINE,

EXECUTIVE DIRECTOR OF  
ADMINISTRATIVE SERVICES

&

AARON BUSHBERGER,  
EHLERS SENIOR MUNICIPAL ADVISOR

# Minnesota State Law Requirements

## A Public Meeting...

- Between November 25th & December 29th
- At 6:00 PM or later
- May be part of regularly scheduled meeting
- Must allow for public comments
- May adopt final levy at same meeting

## ...and Presentation of:

- Current year budget
- Proposed property tax levy

# Hearing Agenda

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Background  
Information on  
School Funding



District's Budget



District's Proposed  
Tax Levy for Taxes  
Payable in 2026



Public Comments

# MN Legislature Must Set Funding for Minnesota Public Schools

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Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1

**“UNIFORM SYSTEM OF PUBLIC SCHOOLS.** The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The *legislature shall make such provisions by taxation or otherwise* as will secure a thorough and efficient system of public schools throughout the state.”

As a Result,  
Funding is  
Highly  
Regulated

### **State Sets:**

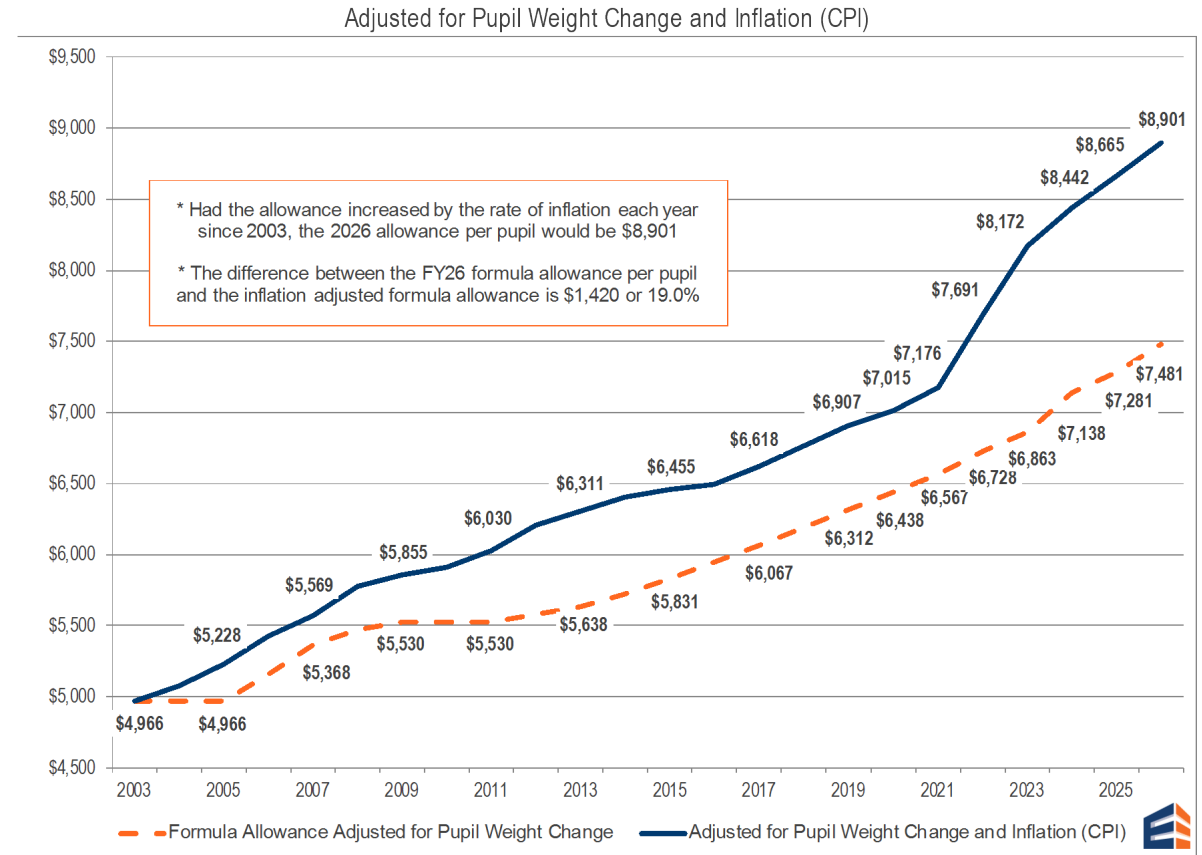
- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
  - Districts can levy less, but not more than amount authorized by state, unless approved by voters in November

State also authorizes school board to submit referendums for operating & capital needs to voters for approval

# General Education Formula Allowance, 2003-26

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation
- For Fiscal Year 2024-25, an increase of 2.00% or \$143 over previous year was approved
- For Fiscal Year 2025-26, an increase of 2.75% or \$200 over previous year was approved

Per-pupil allowance for Fiscal Year 2025-26 of \$7,481 would need to increase by another \$1,420 (19.0%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,901



According to MN Department of Education (MDE):

FY 2024 costs of providing programs were underfunded statewide by \$503 million

Even with recent funding, costs will be underfunded by \$524 million statewide by FY 2028



Primary options to bridge funding gap are to cut regular program budgets or increase referendum revenue, most districts have done both

## Underfunding of Special Education

# Budget Information

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Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information be presented at this hearing. Fiscal Year 2026-27 budget will be adopted by School Board in June 2026.

**School district budgets are divided into separate funds, based on purposes of revenue, as required by law.**

## **Our District's Funds:**

- General
- Food Service
- Community Service
- Debt Service
- Internal Service
- OPEB\* Trust
- OPEB\* Debt Service

*\*Other Post-Employment Benefits*





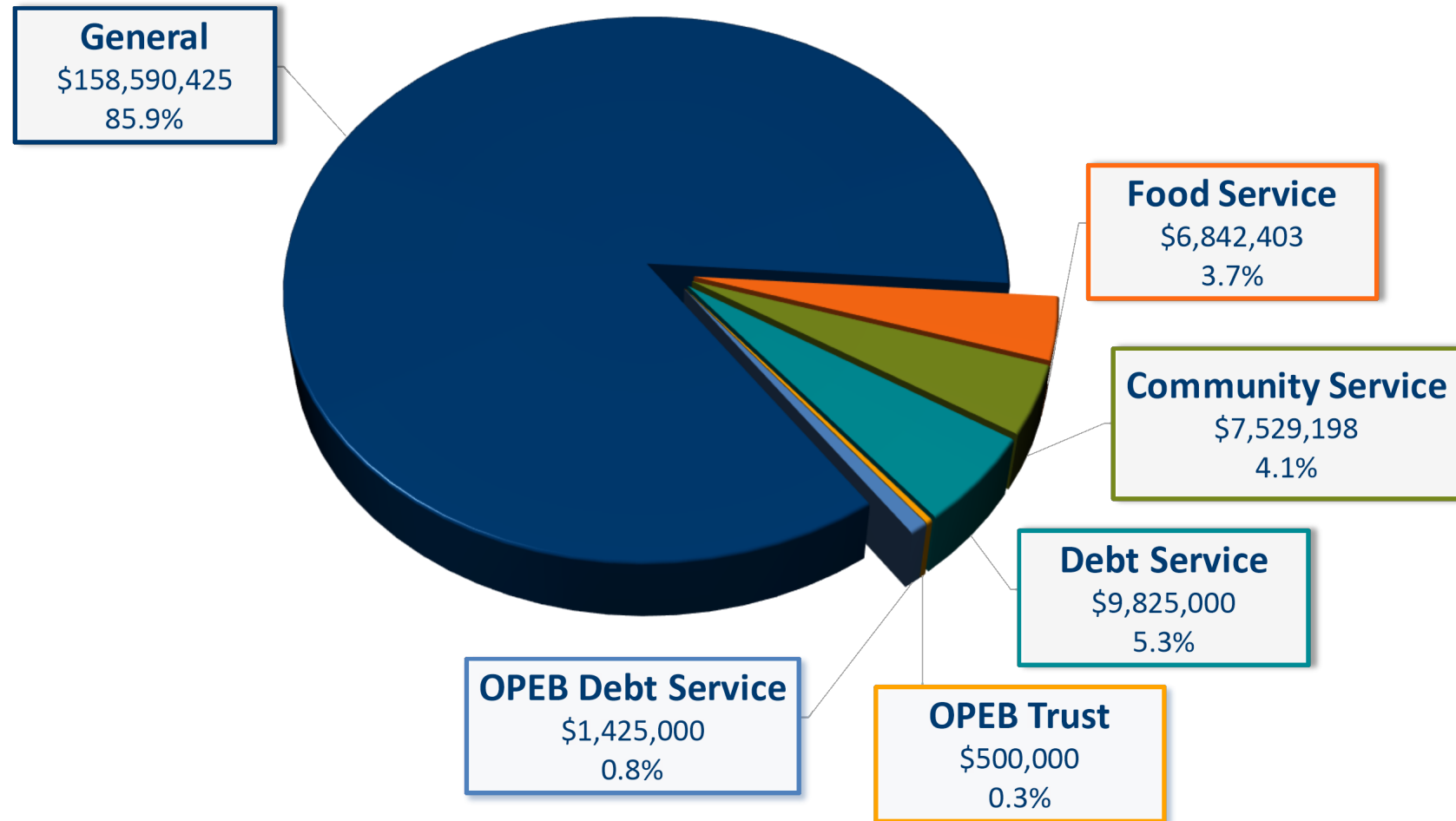
**District Revenues & Expenditures**  
Actual for FY 2025, Budget for FY 2026

FUND	FISCAL 2025 BEGINNING	2024-25 ACTUAL		JUNE 30, 2025 ACTUAL	2025-26 BUDGET		JUNE 30, 2026 PROJECTED
	FUND BALANCES	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSERS OUT	FUND BALANCES	REVENUES & TRANSERS IN	EXPENDITURES & TRANSFERS OUT	FUND BALANCES
General/Restricted	\$15,547,817	\$44,446,647	\$44,787,087	\$15,207,377	\$43,588,091	\$46,133,802	\$12,661,666
General/Other	38,244,090	121,139,174	115,546,352	43,836,912	116,570,925	124,981,855	35,425,982
Food Service	4,182,475	7,416,740	7,103,405	4,495,810	6,842,403	7,457,001	3,881,212
Community Service	5,176,817	7,551,286	6,979,514	5,748,590	7,529,198	7,884,010	5,393,778
Debt Service	4,366,961	45,381,263	45,771,942	3,976,283	9,825,000	9,805,000	3,996,283
Internal Service	8,151,140			9,458,660			9,633,660
OPEB* Revocable Trust	10,973,728	1,068,541	782,538	11,259,731	500,000	750,000	11,009,731
OPEB* Debt Service	372,206	1,460,709	1,400,245	432,669	1,425,000	1,397,458	460,211
Total All Funds	87,015,233	228,464,360	222,371,082	94,416,030	186,280,617	198,409,126	82,462,521

\*Other Post Employment Benefits

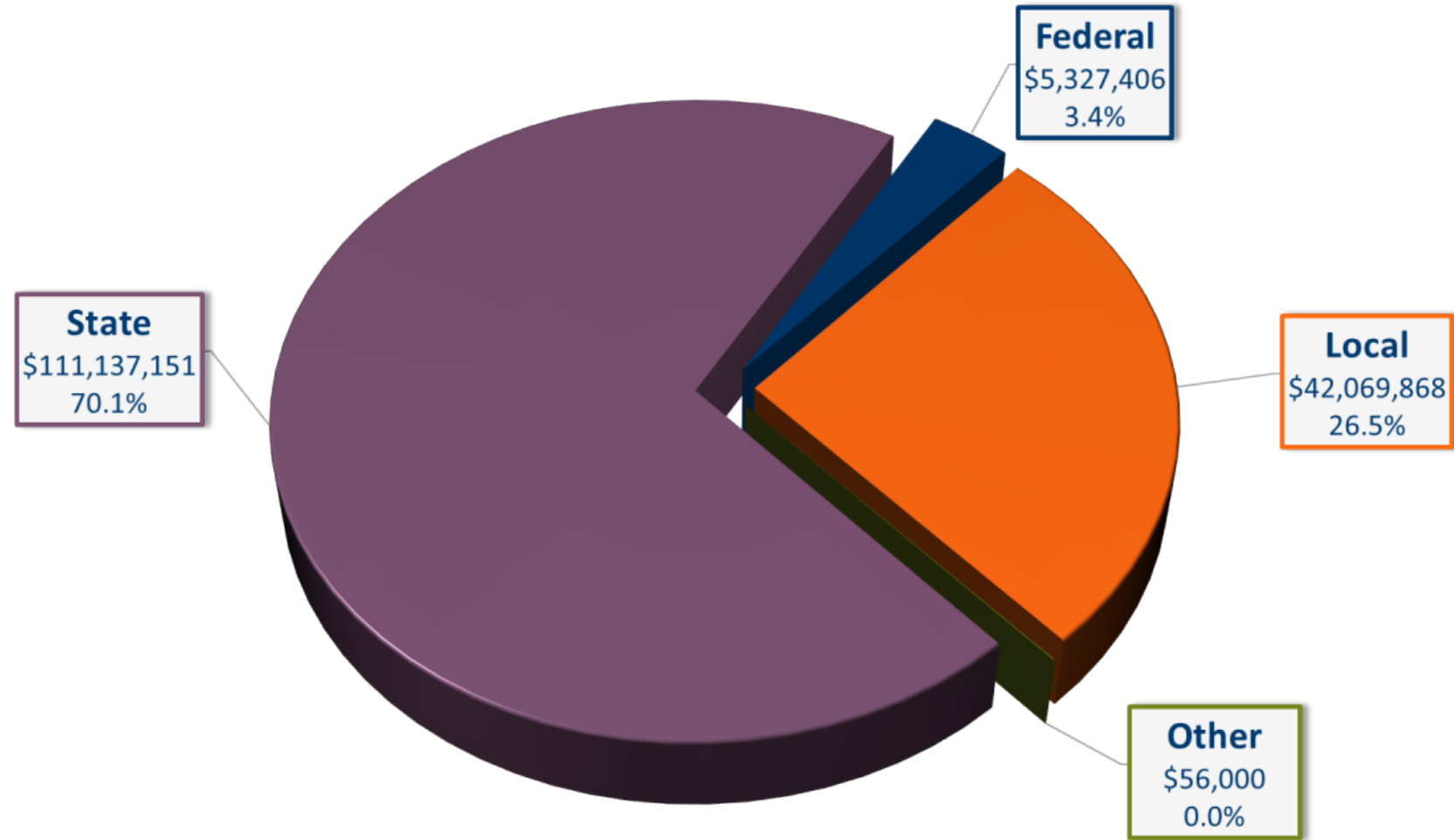
# Revenue - All Funds -

2025-26 Budget  
\$184,712,026



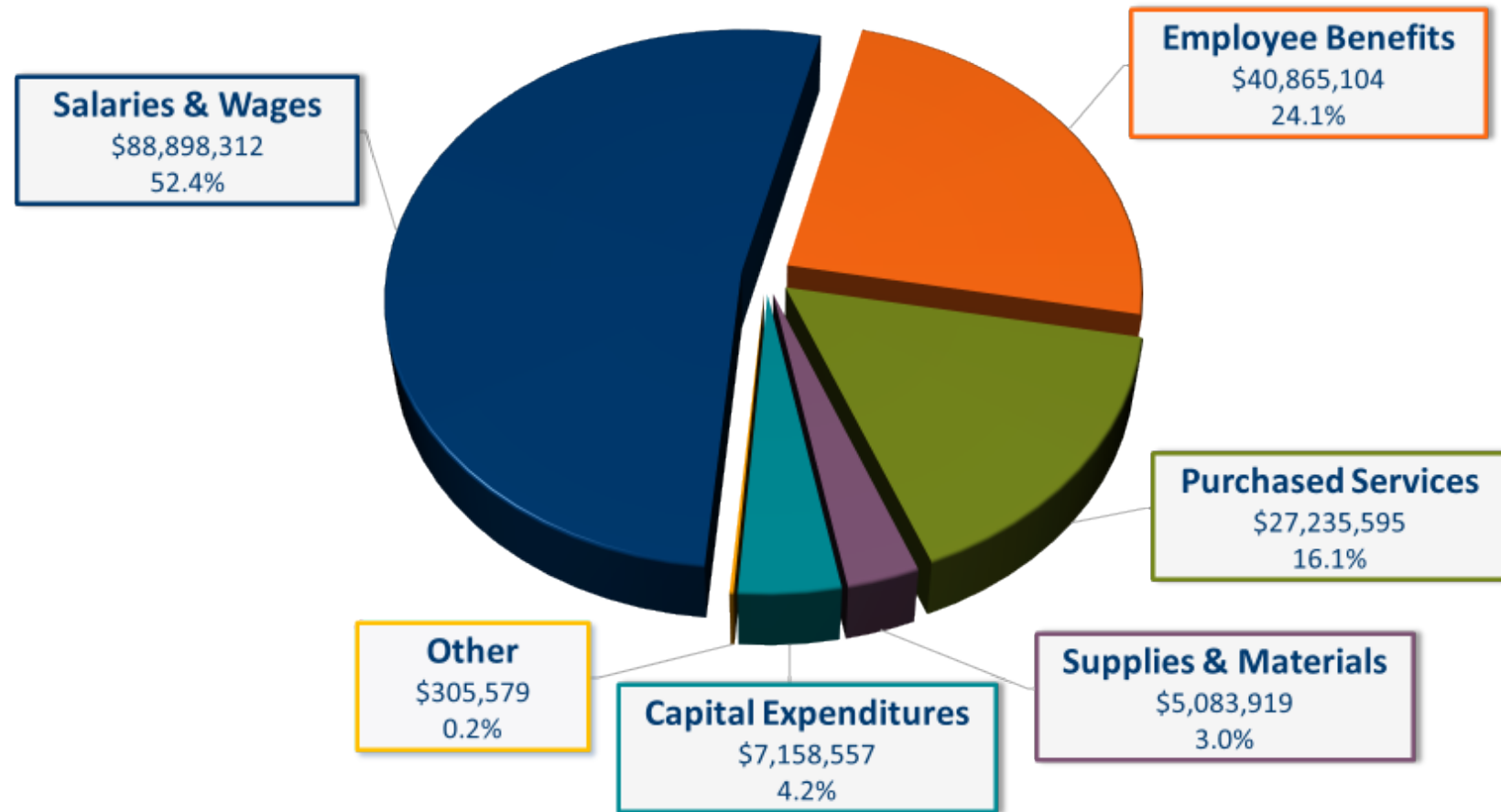
# General Fund Revenue

2025-26 Budget  
\$158,590,425



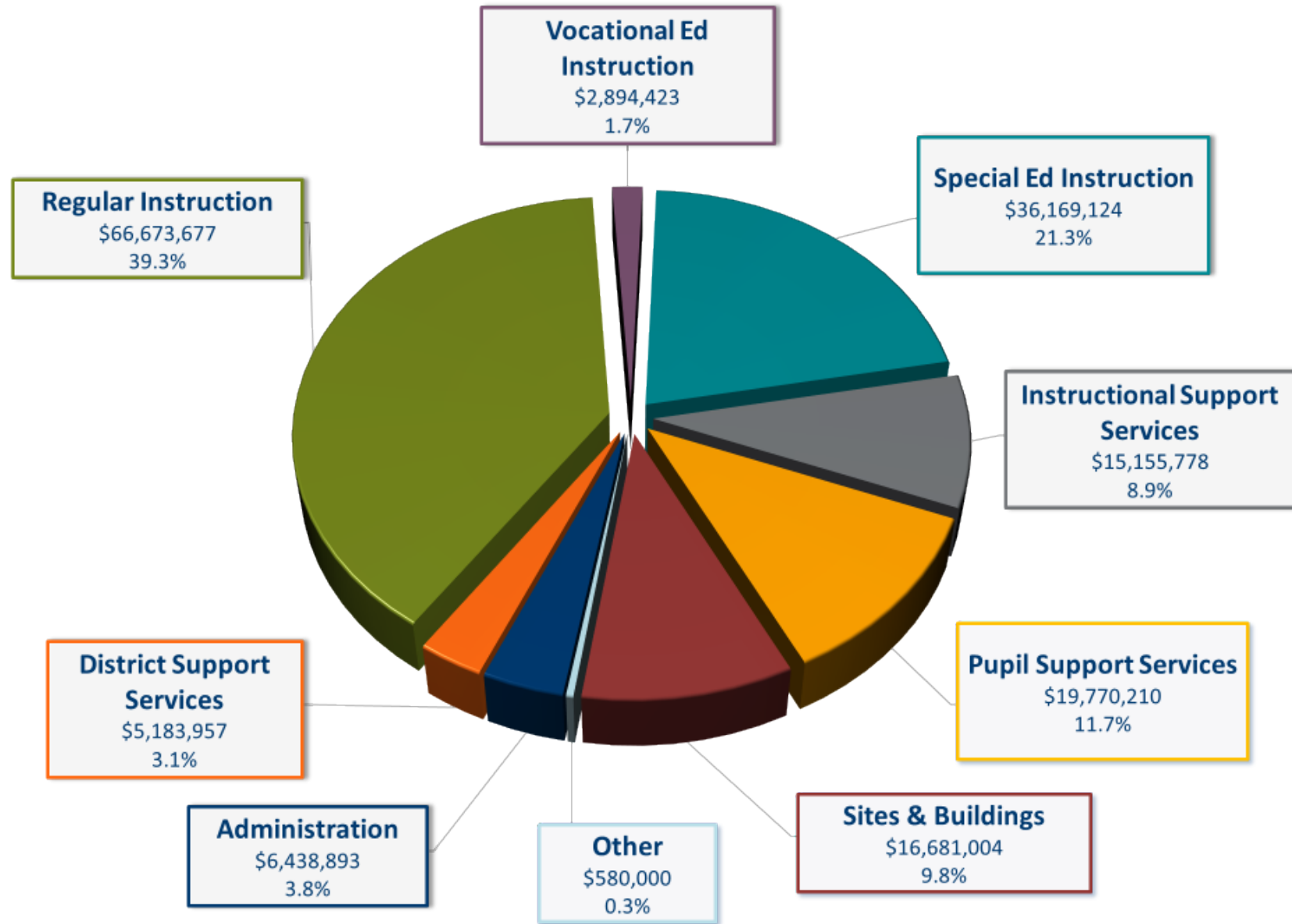
# General Fund Expenditures - by Object -

2025-26 Budget  
\$169,547,066



# General Fund Expenditures - by Program -

2025-26 Budget  
\$169,547,066



# Change in Tax Levy does not Determine Change in Budget



Tax levy is based on many state-determined formulas plus voter approved referendums



Some increases in tax levies are revenue neutral, offset by reductions in state aid



Expenditure budget is limited by state-set revenue formulas, voter-approved levies & fund balance



An increase in school taxes does not always correlate to an equal increase in budget

# Difference in Levy Cycles

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## School District:

- Budget year begins July 1st
- 2026 taxes provide revenue for 2026-27 fiscal year
- Budget adopted in June 2026



## City/County:

- Budget year begins January 1st
- 2026 taxes provide revenue for 2026 calendar year budget

Sample of parcel specific notice mailed to every property owner between November 10<sup>th</sup> – 25<sup>th</sup>

Property Tax Background:

- Every owner of taxable property pays property taxes to various “taxing jurisdictions” (county, city/township, school district, special districts) in which property is located
- Each taxing jurisdiction sets own tax levy, often based on limits in state law
- County sends bills, collects taxes from property owners & distributes funds back to other taxing jurisdictions



Spruce County  
Jane Smith, Auditor-Treasurer  
345 12th Street East, Box 78  
Spruceville, MN 55555-5555  
(555) 345-6789  
www.co.spruce.mn.us

**TAXPAYER(S):**  
John and Mary Johnson  
123 Pine Rd S  
Spruceville, MN 55555-5555

**Property Information**  
**PIN Number:** 01.234.56.789.R1    **Property Address:** 789 Pine Rd S  
Spruceville, MN 55555  
**Property Description:**  
Lot 1, Block 1, Spruce Acres Subdivision

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		<u>\$1,467.52</u>	
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.			

Proposed Property Taxes and Meetings by Jurisdiction for Your Property				
Contact Information	Meeting Information	Actual 2025	Proposed 2026	
State General Property Tax	No public meeting	\$0	\$0	
County of Spruce Spruce County Courthouse 123 Spruce St Spruceville, MN 55555 www.co.spruce.mn.us (555) 123-4567	December 4, 7:00 PM	\$438.06	\$484.18	
City of Spruceville Mayor's Office 456 Spruce St Spruceville, MN 55555 www.ci.spruceville.mn.us (555) 123-7654	December 2, 6:30 PM Spruceville City Hall	\$273.79	\$312.06	
Spruceville School District 999 150 1st St N Spruceville, MN 55555 www.spruceville.k12.mn.us (555) 123-6789 Voter Approved Levies Other Levies	December 9, 7:00 PM Spruceville High School Cafeteria	\$289.35 \$340.11	\$296.68 \$374.60	
Your school district was scheduled to hold a referendum at the November general election. If the referendum was approved by the voters, the school district's voter approved property tax for 2026 may be higher than the proposed amount shown on this notice.				
Total excluding any special assessments		\$1,341.31	\$1,467.52	9.4%



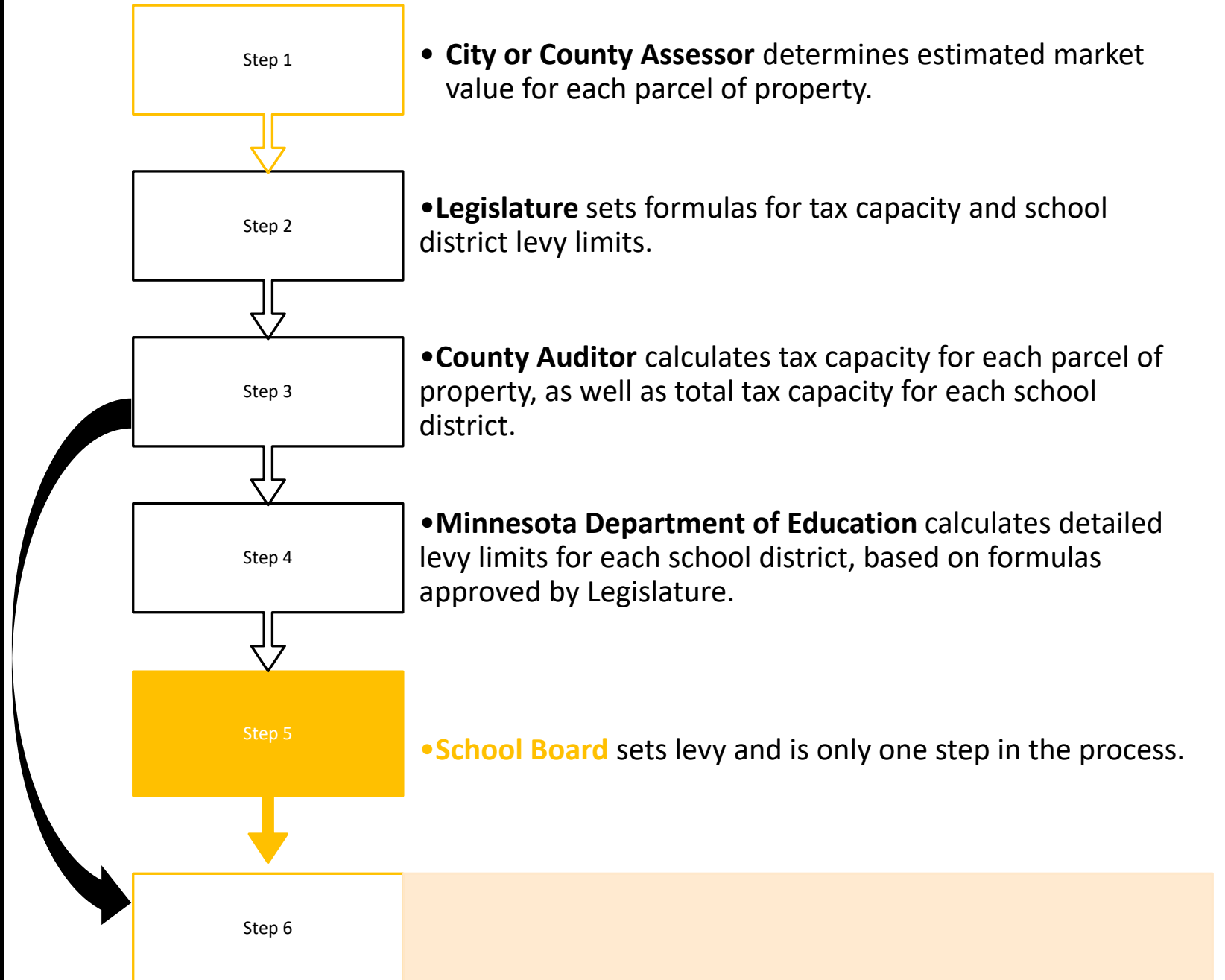
# School District Property Taxes

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- Each school district has limited authority to levy taxes
- MDE calculates levy amounts for various categories, set by:
  - State law
  - Voter approval

# School District Property Tax Process

*Note:* For certain levy categories, tax rates & levy amounts are based on referendum market value, rather than tax capacity.



# Approval of District's Tax Levy in 2025 (Payable 2026)

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The background of the slide features a blurred image of financial documents. In the foreground, there is a bar chart with blue bars and a red trend line. A calculator and a pen are also visible, suggesting a financial or accounting context.

# Overview of District's Proposed Tax Levy

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- Proposed Payable 2026 tax levy is an increase from 2025 of \$3,618,574 or 7.4%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides

Fund Levy Category	Actual Levy Payable in 2025	Proposed Levy Payable in 2026	\$ Change	% Change
<b>General</b>				
Voter Approved Operating Referendum	\$17,710,306	\$18,440,975	\$730,669	
Local Optional Revenue (LOR)	5,654,379	5,700,425	46,046	
Equity	390,730	393,910	3,180	
Voter Approved Capital Project Referendum	4,689,692	4,677,770	(11,921)	
Operating Capital	1,436,149	1,424,441	(11,708)	
Alternate Teacher Compensation	685,290	681,832	(3,458)	
Achievement and Integration	602,392	589,071	(13,322)	
Long Term Facilities Maintenance (LTFM)	4,920,845	4,964,090	43,245	
Instructional Lease	291,421	337,799	46,378	
Other	1,126,248	1,156,636	30,388	
Prior Year Adjustments	(912,227)	(405,469)	506,758	
Total, General Fund	\$36,595,224	\$37,961,480	\$1,366,255	3.7%
<b>Community Service</b>				
Basic Community Education	\$458,903	\$430,960	(\$27,943)	
Early Childhood Family Education	278,162	243,997	(34,166)	
School-Age Child Care	830,000	900,000	70,000	
Other	16,480	15,604	(876)	
Prior Year Adjustments	6,825	(12,422)	(19,246)	
Total, Community Service Fund	\$1,590,370	\$1,578,139	(\$12,231)	-0.8%
<b>Debt Service</b>				
Total, Debt Service Fund	\$10,629,663	\$12,894,213	\$2,264,550	21.3%
<b>Total Levy, All Funds</b>	<b>\$48,815,257</b>	<b>\$52,433,831</b>	<b>\$3,618,574</b>	<b>7.4%</b>
<b>Subtotal by Truth in Taxation Categories:</b>				
Voter Approved	25,399,042	28,140,938	2,741,895	
Other	23,416,214	24,292,893	876,679	
<b>Total</b>	<b>\$48,815,257</b>	<b>\$52,433,831</b>	<b>\$3,618,574</b>	<b>7.4%</b>

# Explanation of Levy Changes

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**Category:**

General Fund - Voter Approved Operating Referendum

**Change:**

+\$730,669

**Use of Funds:**

General Operating Expenses

**Reason for Change:**

Authority is calculated on estimated enrollment & includes an annual inflationary increase

# Explanation of Levy Changes

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**Category:**

General Fund – Prior Year Adjustments

**Change:**

+\$506,758

**Use of Funds:**

Various

**Reason for Change:**

Initial levies are based on estimates & in later years, amounts are updated & levies are retroactively adjusted

# Explanation of Levy Changes

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**Category:**

Total Debt Service Fund

**Change:**

+\$2,267,046

**Use of Funds:**

Payments on Bonds

**Reason for Change:**

Districts are required to levy at 105% of debt service payment amounts to cover delinquencies in tax collections



# Factors Impacting Individual Taxpayers' School Taxes

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Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors

# Impact of Property Valuations

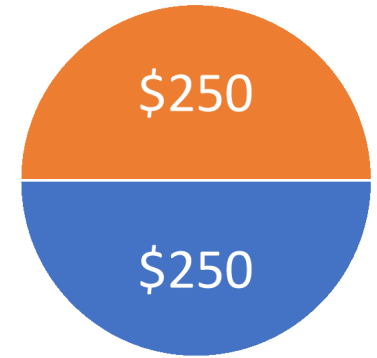
Two properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of levy

\$100,000



\$100,000



# Impact of Property Valuations

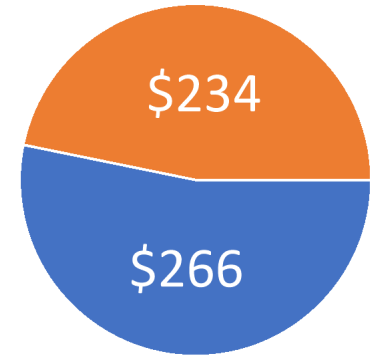
Two properties in the district

- Orange house value increases by 10%
- Blue house value increases by 25%

Total levy of \$500

- School District will still generate the same amount of levy even though values increased
- Orange house pays less
- Blue house pays more

\$110,000



\$125,000



# Four Year School Levy Comparison

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- Examples include school district taxes only & are shown based on no change and a 7.1% increase in property value for residential homes over the past four years
  - Actual changes in value may be more or less than this for any parcel of property
  - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Examples are for property in City of Burnsville
- Amounts for 2026 are preliminary estimates; final amounts could change slightly
- Estimates prepared by Ehlers (District's municipal advisors)

Estimated Changes in School Property Taxes, 2023 to 2026  
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2023	Actual Taxes Payable in 2024	Actual Taxes Payable in 2025	Estimated Taxes Payable in 2026	Change in Taxes 2023 to 2026	Change in Taxes 2025 to 2026
Residential Homestead	\$250,000	\$1,016	\$983	\$904	\$964	-\$52	\$60
	300,000	1,234	1,193	1,104	1,177	-57	73
	350,000	1,452	1,402	1,304	1,390	-62	86
	400,000	1,670	1,612	1,504	1,603	-67	99
	450,000	1,881	1,815	1,704	1,816	-65	112
	500,000	2,090	2,017	1,904	2,029	-61	125
	550,000	2,323	2,240	2,123	2,262	-61	139
	600,000	2,556	2,463	2,339	2,493	-63	154
	650,000	2,790	2,686	2,555	2,723	-67	168
	700,000	3,023	2,909	2,771	2,954	-69	183
Commercial/ Industrial #	\$1,000,000	\$4,635	\$4,510	\$4,279	\$4,607	-\$28	\$328
	1,500,000	7,000	6,808	6,467	6,963	-37	496
	2,000,000	9,364	9,105	8,655	9,319	-45	664
	2,500,000	11,729	11,402	10,843	11,676	-53	833
	3,000,000	14,093	13,700	13,031	14,032	-61	1,001
Apartments and Res. Non-Homestead ( 2 or more units)	\$750,000	\$3,499	\$3,345	\$3,242	\$3,456	-\$43	\$214
	1,500,000	6,997	6,690	6,485	6,912	-85	427
	3,000,000	13,995	13,380	12,969	13,825	-170	856

# For commercial-industrial property, amounts above are for property in Burnsville. Taxes for commercial-industrial property in other municipalities may be slightly different, due to the impact of the Fiscal Disparities Program.

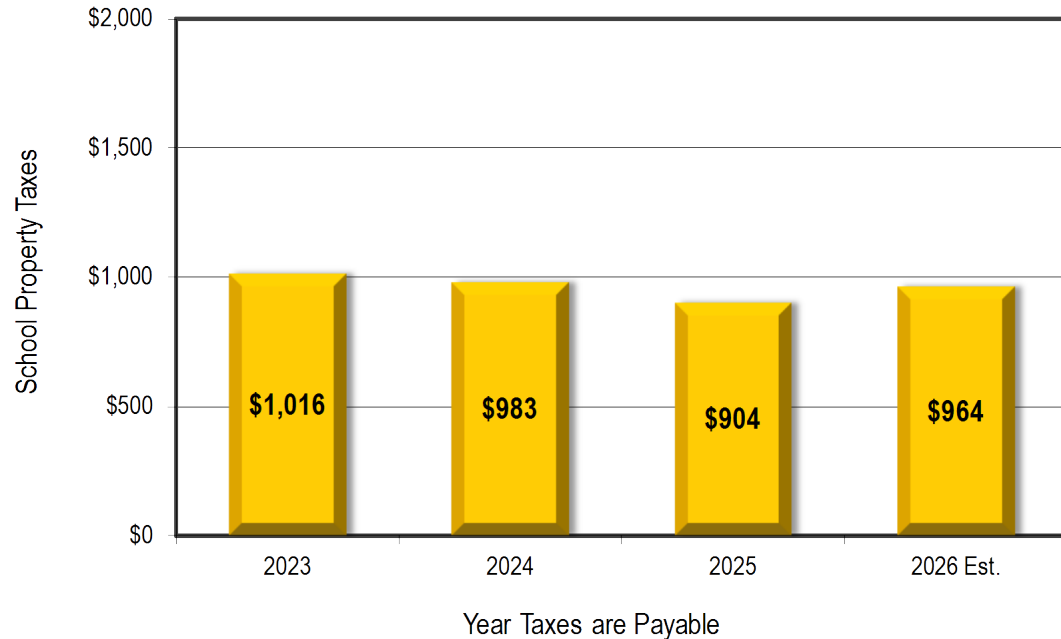
**General Notes**

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2026 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2023 to 2026.

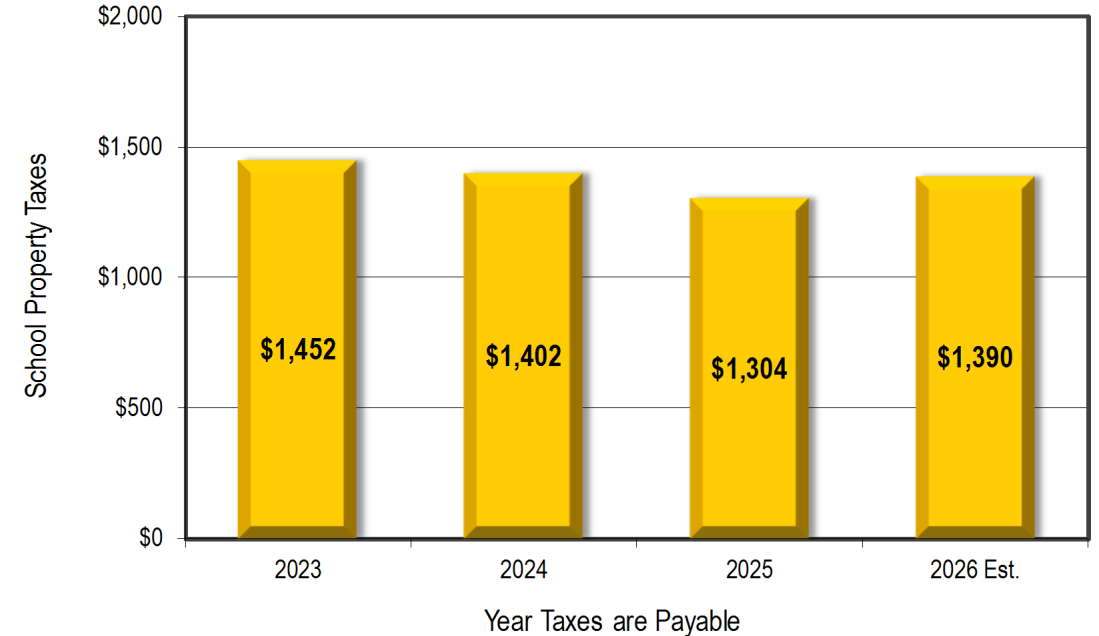
# Estimated Changes in School Property Taxes, 2023-26

*Based on No Changes in Property Value*

**Example 1: \$250,000 Residential Homestead Property**



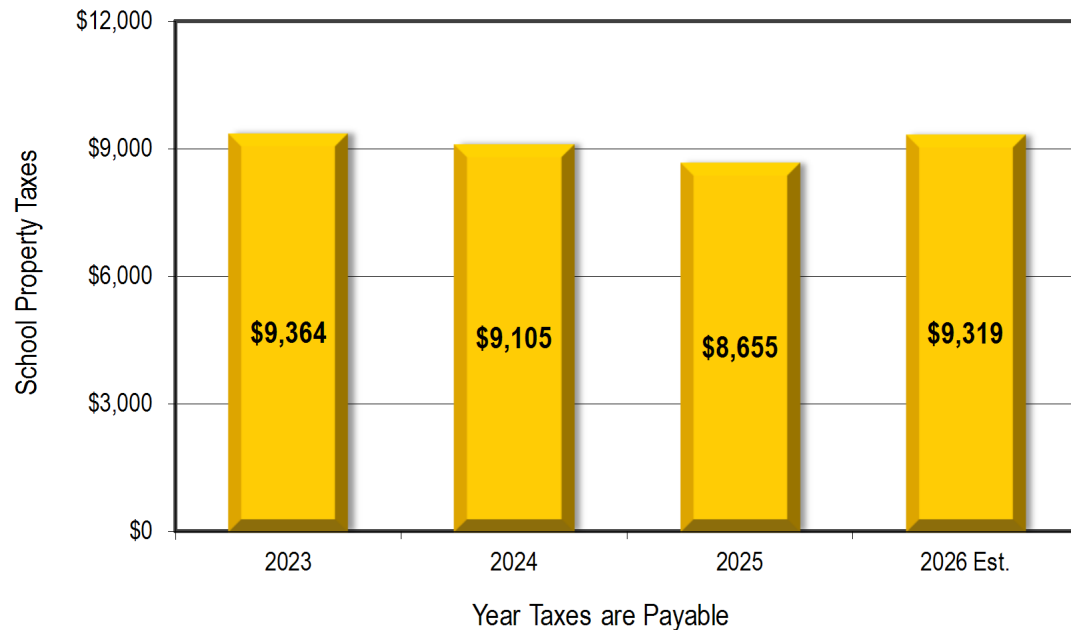
**Example 2: \$350,000 Residential Homestead Property**



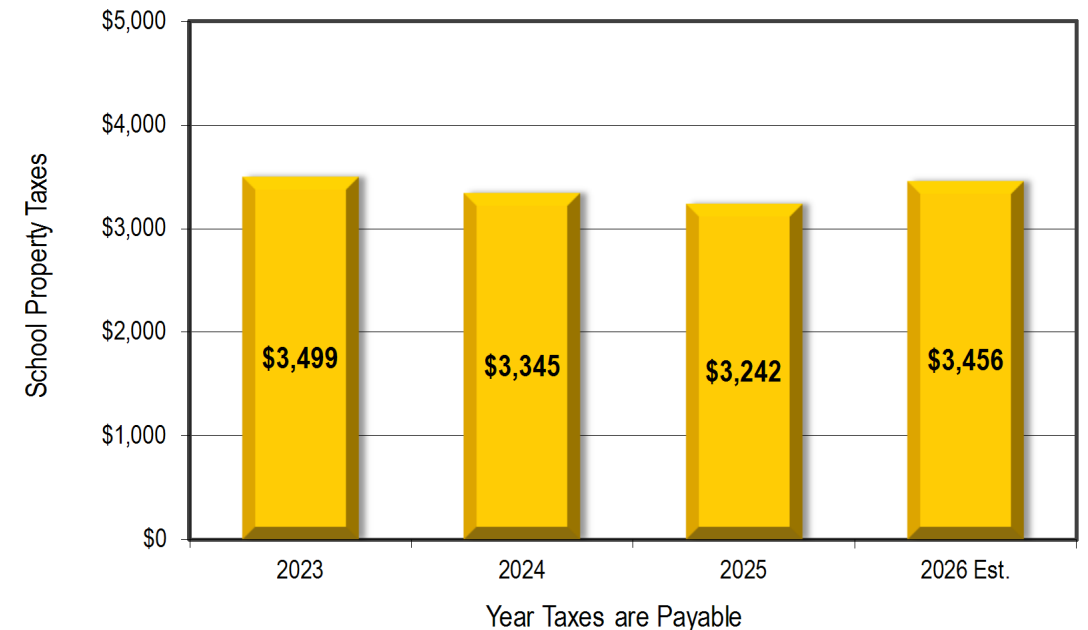
# Estimated Changes in School Property Taxes, 2023-26

*Based on No Changes in Property Value*

**Example 3: \$2,000,000 Commercial - Industrial Property**

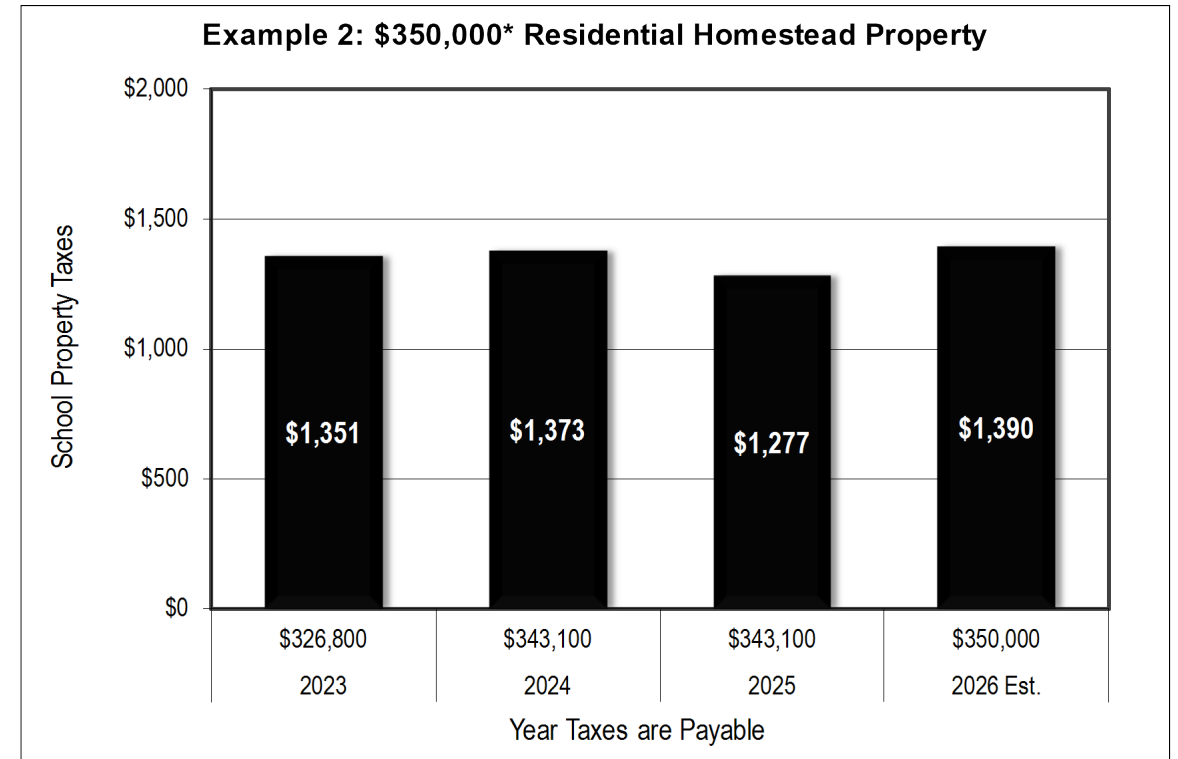
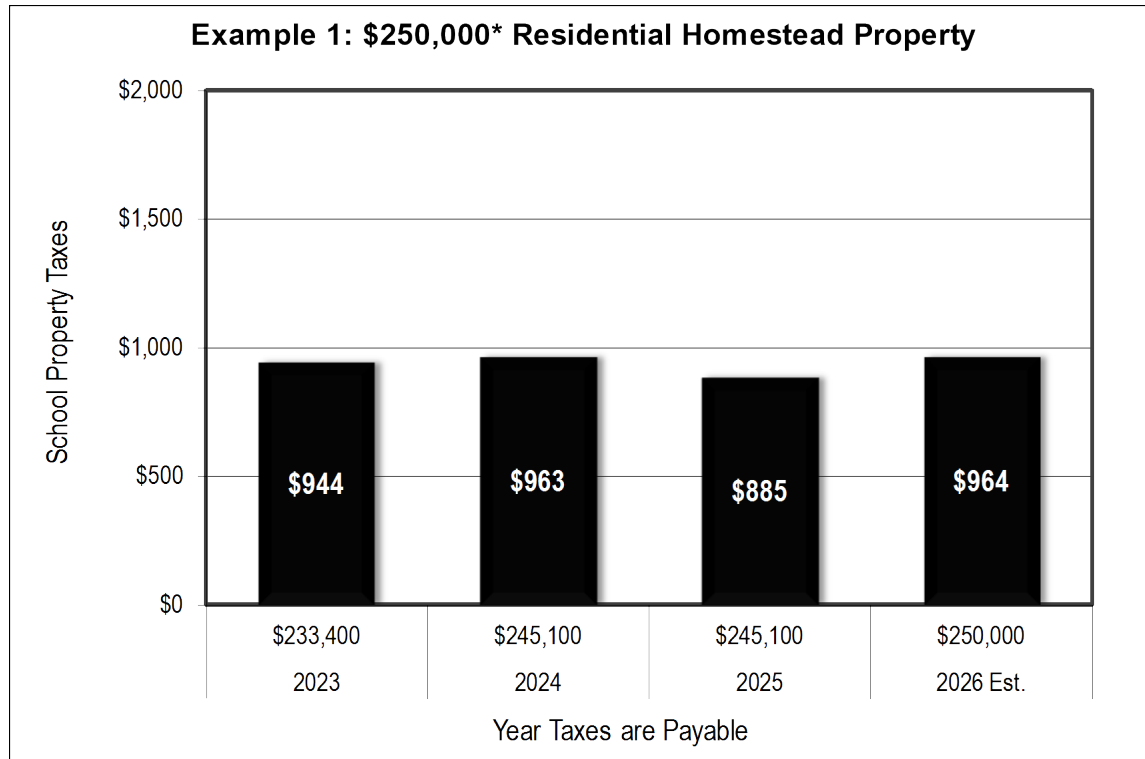


**Example 4: \$750,000 Apartment - Non Residential Homestead Property**



# Estimated Changes in School Property Taxes, 2023-26

*Based on 7.1% Cumulative Changes in Property Value*



\* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 0.0% from 2024 to 2025 and 2.0% from 2025 to 2026.



# State Property Tax Preferences

## Homestead Credit Refund

- Available for all homestead property, both residential and agricultural (house, garage and one acre (HGA) only)
- Refund is sliding scale, based on total property taxes and income

## Special Property Tax Refund

- Available for all homestead property, both residential & agricultural (HGA only) with a gross tax increase of at least 12% and \$100 over prior year
- Refund is 60% of tax increase that exceeds greater of 12% or \$100 (max \$1,000)

## Senior Citizen Property Tax Deferral

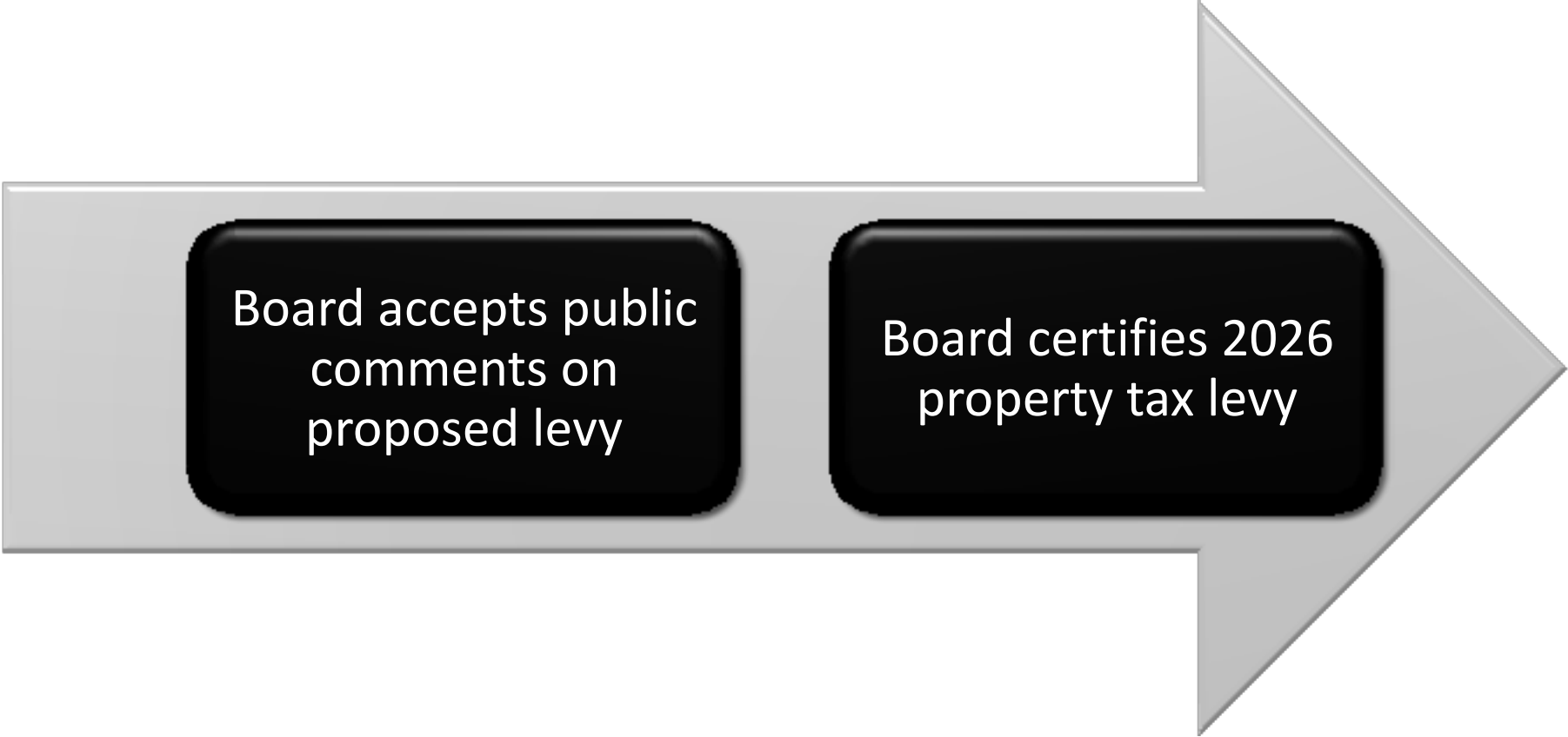
- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

## Income Taxes

- If you itemize deductions for federal income taxes, you may deduct a portion of your taxes paid. Starting with your 2024 taxes, renters can claim the Renter's refundable credit on a Minnesota income tax return.

# Next Steps

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Board accepts public  
comments on  
proposed levy

Board certifies 2026  
property tax levy



PUBLIC COMMENTS