

**School Board Meeting:**

**August 22, 2022**

**Subject:**

Levy Process and Timelines

**Presenter:**

**Ryan Tangen, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:** None at this time - informational only.

**DESCRIPTION:** The annual property tax levy process for 2022 Payable 2023 property taxes will follow the same cycle as in prior years. The process consists of three required board actions; adoption of a proposed property tax levy by September 30, 2022, holding a Truth in Taxation meeting between November 24, 2022, and December 28, 2022, and adoption of the final levy by December 28, 2022.

The proposed levy will be presented for adoption at the September 26, 2022, School Board meeting. At that meeting, the date, time and location of the Truth and Taxation meeting will also be established. Following board approval of the proposed property tax levy and details for the Truth in Taxation meeting, both county auditors will be provided the information for the Truth in Taxation notices mailed in November. The Truth in Taxation notices are mailed to all property owners and provide the estimated property taxes payable in 2023 based on the preliminary property tax levy adopted by the board. The notice also includes the date, time and location of the Truth in Taxation meeting. Starting in 2022 for property taxes payable in 2023, the Truth in Taxation notices will include required supplementary information about the school district's 2022-2023 budget and outstanding debt.

The final property tax levy needs to be approved before December 28, 2022, but not before conducting the Truth in Taxation meeting. Conducting the Truth in Taxation meeting and adoption of the final property tax levy can be part of the same School Board meeting. Both have been scheduled for the Regular School Board meeting on December 12, 2022.

The property tax levy can be affected by many factors. Some of the items that I am seeing right now as having the biggest impact on the levy this year are as follows:

1. Property tax values have continued to increase within the District. Increasing property values and an anticipated reduction in enrollment will result in less equalization aid to offset levies.
2. The one-time increase in equalization for Local Optional Revenue will revert back to the pre-pandemic threshold.
3. Long-Term Facilities Maintenance will shift from the General Fund to the Debt Service fund to cover the final payment on the Alternate Facilities Bond. The total overall revenue will be the same but the fund it is reported in will change.
4. The levy for other Debt Service expenditures will be down significantly due to the final payment on the School Refunding Bonds.

Home construction has continued at a steady pace and combined with commercial construction in the district, will likely lead to an increase in district property values for taxes payable in 2023. The impact of the market value changes will be quantified when the first run of the levy certification document becomes available the week of September 8, 2022.

As always, we will strive to balance tax impact for taxpayers while still trying to maximize our revenue to provide the best educational programs and facilities for our students, staff and the public.

Adoption of the proposed property tax levy on September 26, 2022, will not be a fixed number but rather adopted as "maximum". This allows the Minnesota Department of Education time to make any final property tax levy corrections needed after the School Board approves the proposed property tax levy. The final levy adopted on December 12, 2022, will be a fixed number.