

PUBLIC HEARING

2022-23 Budget & Proposed 2023 Property Levy

Lewiston-Altura

December 2022

Resources provided by



Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989
- 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 2023 levy
 - Fiscal year 2023 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:

- **Set By State Formula By Legislature**
 - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
 - Operating Referendum or Building Bonds



How Are Property Taxes 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*.

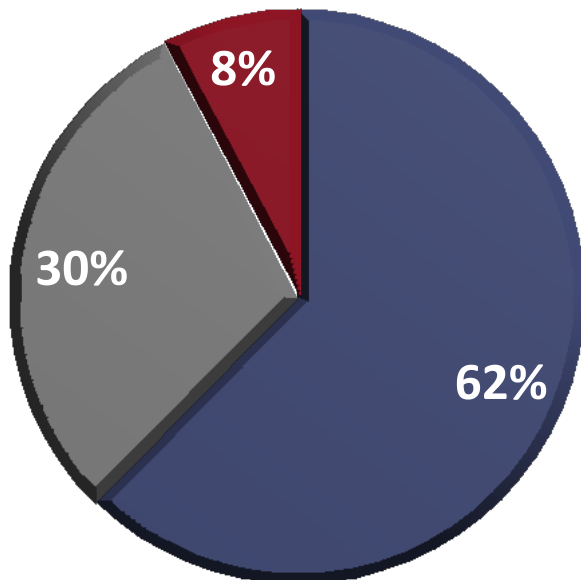
*Certain levies are spread based on Market Value rather than tax capacity.



State Aid Impact

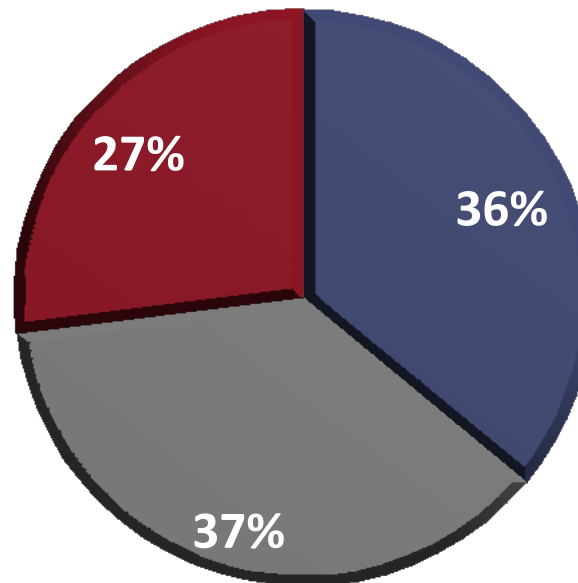
WHO COLLECTS

- State
- Non-School Local
- School District



WHO SPENDS

- State
- Non-School Local
- School Districts

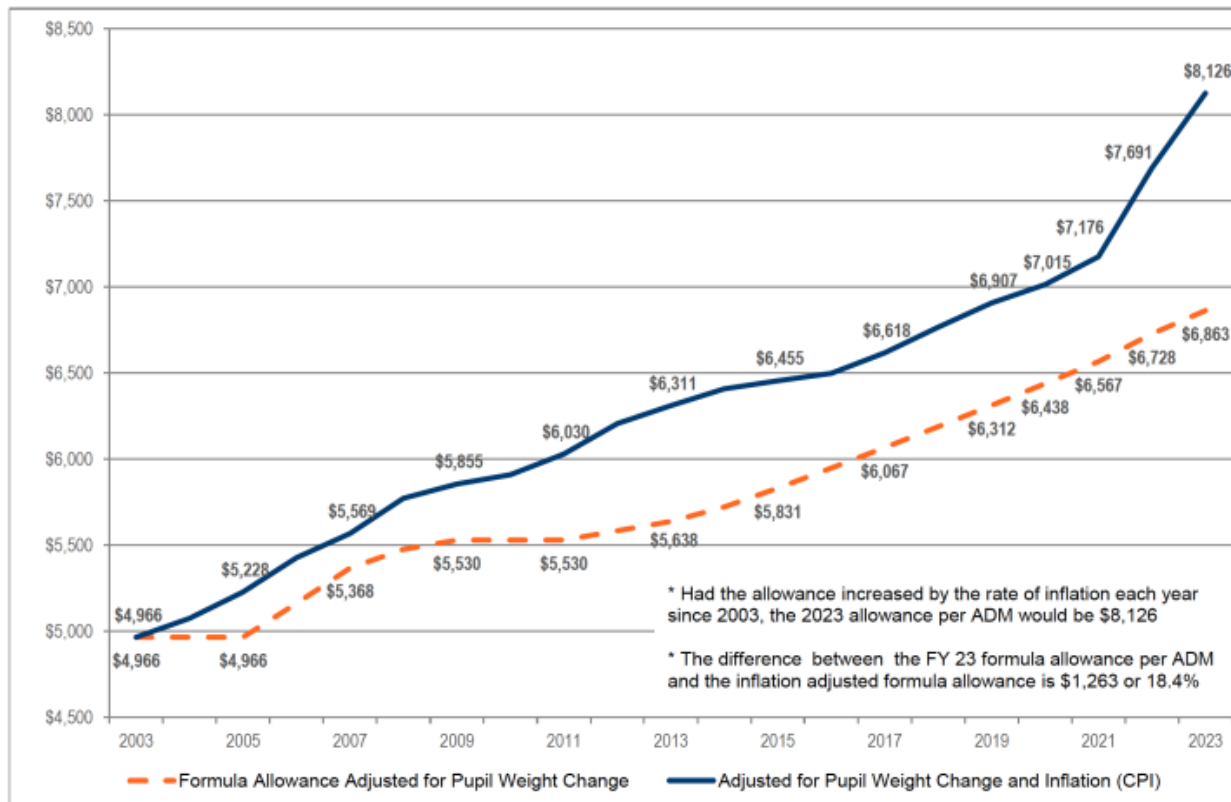


(Data source, MN Department of Management and Budget-Price of Government, 2022)



General Education Formula Allowance, 2003-2023

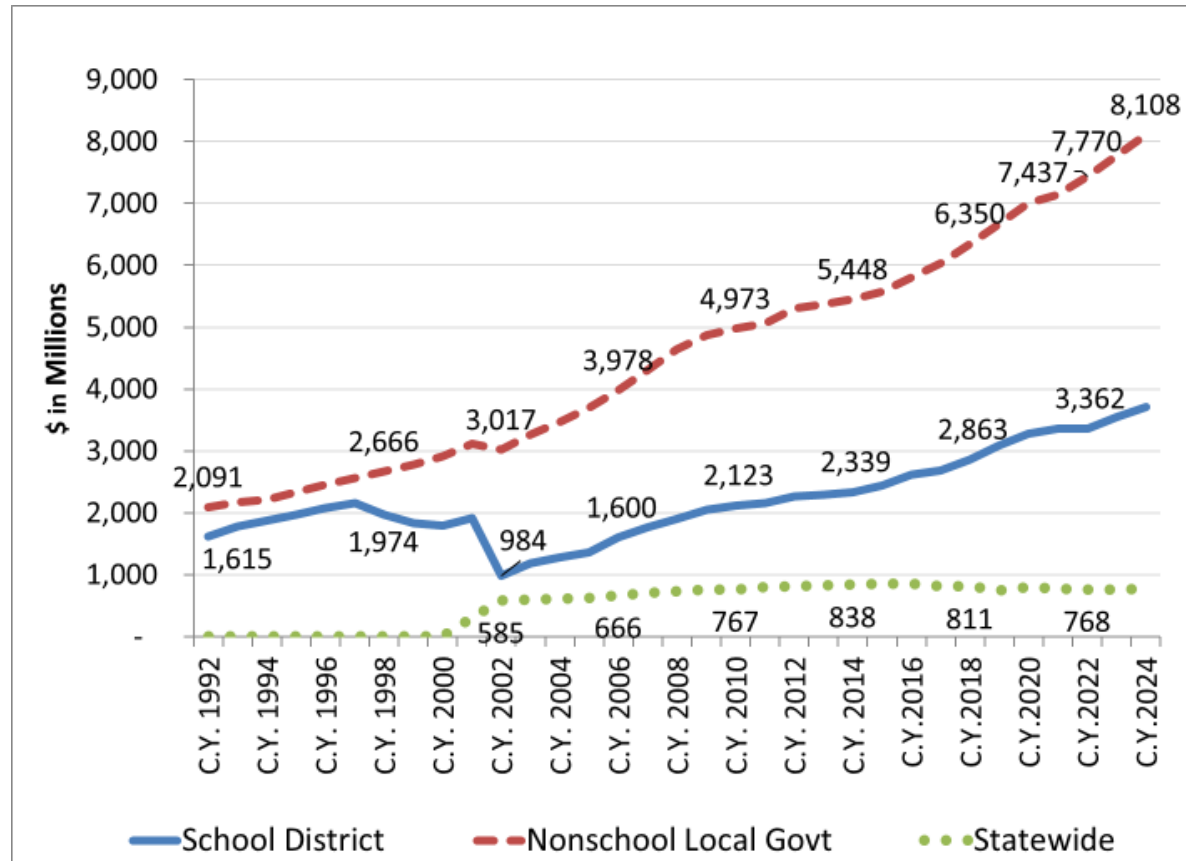
Adjusted for Pupil Weight Change and Inflation (CPI)



Funding trails inflation by **\$1263** per pupil
since 2003



Property Tax Levies: School vs Non School Payable 1992-2024



*data source MDE Minnesota Prek-12 Education Finance System Overview: MSBA-Summer Conference
July 2022



22-23 School Year Budget

Fund	Revenues	Expenses	Net
General	\$9,117,187	\$8,964,147	\$153,040
Food Service	\$ 590,700	\$ 543,469	\$ 47,231
Community Education	\$ 376,773	\$ 438,182	(-\$ 61,409)
General Debt Service	\$ 531,621	\$ 498,325	\$ 33,296
TOTAL	\$10,616,281	\$10,444,123	\$172,158



2022-23 School Year Budget

- This year's levy is 12.8% of the total projected revenue.
- Factors impacting our budget:
 - Declining enrollment (less revenue),
 - Pandemic related grants,
 - Early Childhood (CmEd) deficits
 - Large Food Service carry over
 - Inflation – materials, fuel
 - Wage increases
 - 2.5% increase on ADM funding from Legislature (FY23)



Know Your Valuation

- ☐ Property classification and market value
- ☐ Sent Spring 2022; cannot change value
- ☐ Watch for 2023 statement in SPRING and where to appeal

PROPOSED TAXES 2023

THIS IS NOT A BILL. DO NOT PAY.

Step	VALUES AND CLASSIFICATION		
1	Taxes Payable Year	2022	2023
	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
Step	PROPOSED TAX		
2	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	PROPERTY TAX STATEMENT		
3	Coming in 2023		
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	2022 Estimate
Farm	0.54%
Seasonal Rec	0.95%
Residential Homestead	1.22%
Apartment	1.56%
Public Utility	2.82%
Commercial-Industrial	3.17%

(Source: Tim Strom, Jared Swanson House Research)



Share of Tax Liability (State)

Property Classification	Market Value Share (2021 Assessment)	Share of Net Taxes (Payable in 2022)
Farms	17.1%	6.6%
Seasonal Rec Residential	3.9%	2.6%
Commercial and Industrial	13.9%	31.1%
Residential Homes	58.5%	52.1%
Other Residential	6.6%	7.6%

(Source: Tim Strom- House Legislative
Analyst)



Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing **Fund 7 debt levies**, except OPEB bonds
- Reductions for farmers and timber owners
- The revenue for Ag2School comes from state income, sales and other tax revenue



Increase in Pay 2023

70% Ag Tax Credit on Bonds

Payable Year	Percent Increase	Total Credit Percent
2021	5%	55%
2022	5%	60%
2023	10%	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

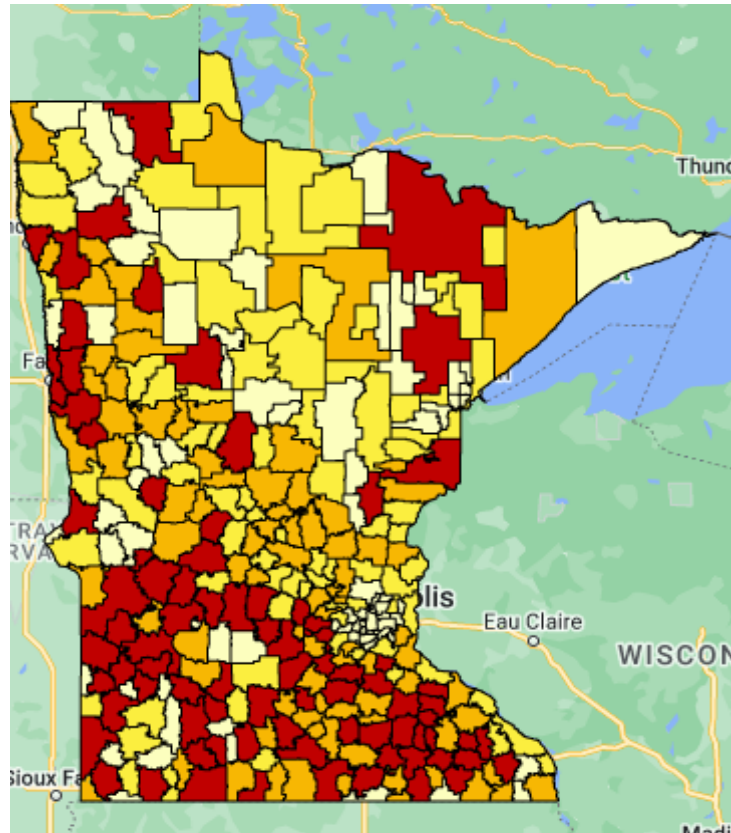
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Ag2School in Pay 2023

How does our school district compare in total Ag2School credit?

[MNREA Maps](http://MNREA.Maps(mreavoice.org))
[\(mreavoice.org\)](http://mreavoice.org)



70% Ag2School Total Bond Credit Forecasted Pay 23

- Smallest quartile < \$50,224
- Below Median < \$167,051
- Above Median > \$167,051
- Largest quartile > \$353,663



School Factors Affecting Pay '23 Levies



Your School District Tax Levy

Possible reasons for changes to your levy:

- 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
- Adjustment for prior years (estimate to actual)
- Legislative changes



Referendum Picture

How does our district compare
in Operating Referendum
Revenue?

[MNREA Maps \(mreavoice.org\)](http://mnrea.maps(mreavoice.org))

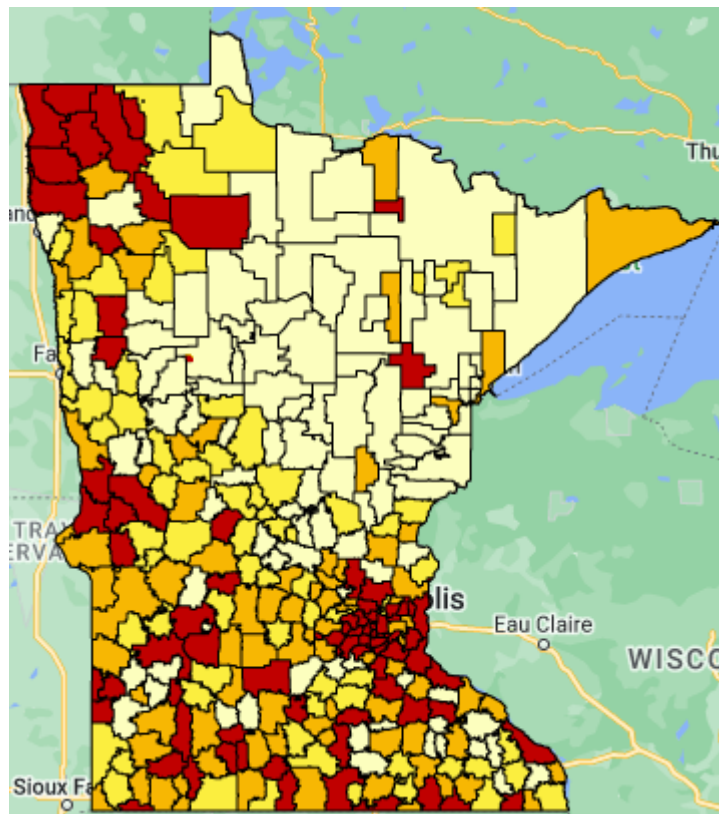
Our District:

\$52 per APU

Median district: \$492

**Upper Quartile of
Referendums** > \$990

94 districts: \$0



District Operating Referendum per APU FY23

- No Operating Referendum
- Below District Median of \$492/Pupil
- Above District Median of \$492/Pupil
- Well Above Median/Pupil



Property Wealth Picture

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

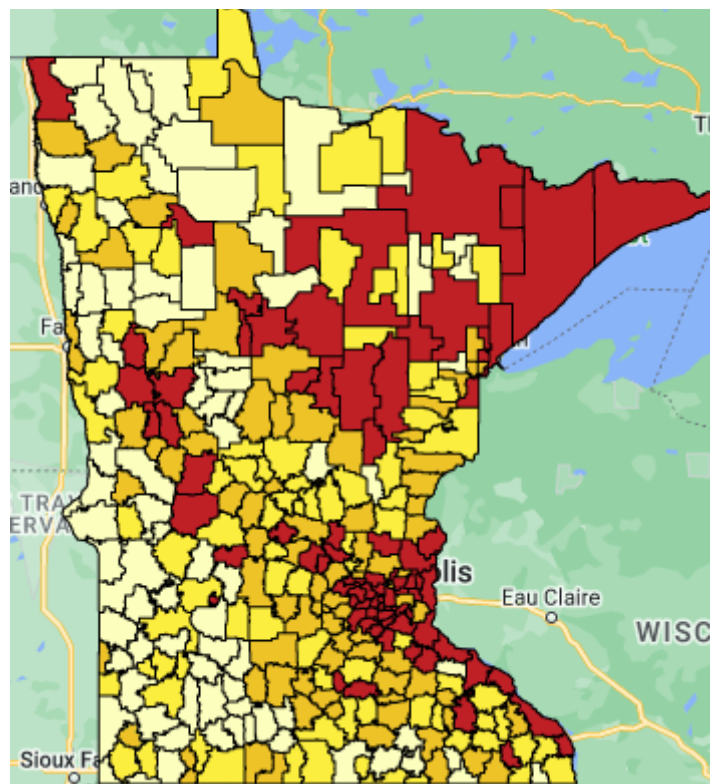
[MNREA Maps](https://mnrea.maps.org)
([mnreavoice.org](https://mnrea.maps.org))

Our District:

\$ 559,717 per RPU

Median District:

\$507,593/RPU



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY24

- Lowest RMV/RPU
- Below the Median of \$507,593
- Above the Median of \$507,593
- Highest RMV/RPU



Long-Term Facility Maintenance

Included in School Property Taxes for Pay '23

- School Board and MDE approved 10-year facility maintenance plan.
- LTFM Revenue: \$253,840
 - State share (Aid): \$129,584.78
 - Local share (levy): \$ 124,255.22
 - State share 51%
- (Levy also includes \$480,765 for existing health & safety facility bond payments)
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Putting it All Together



Proposed Pay '23 Levy

CERTIFICATION FOR LEWISTON-ALTURA PUBLIC SCHOOLS

Fund	Pay '23 Levy	Increase/ (Decrease) Pay '22	Percent Change
General	\$876,129.82	(-\$72,941.09)	-7.7%
Community Education	\$ 50,592.26	(-\$ 5,527.87)	-9.9%
General Debt Service	\$437,190.6	\$ 56,653.40	14.9%
TOTAL	\$1,363,912.14	(-\$ 21,815.56)	-1.6%



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

Winona County Auditor

Sandra Suchla

202 W 3rd Street

Winona MN 55987

Auditor's Office Phone: 507-457-8830

School District Contact

Gwen Carman, Superintendent

507-522-3401



QUESTIONS?

Thank you for attending this hearing.

