

PUBLIC HEARING

Truth and Taxation

Proposed 2021

Property Taxes

South Koochiching-Rainy River

December 9, 2020

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 preliminary 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 2021 levy
 - Fiscal year 2021 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 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*.

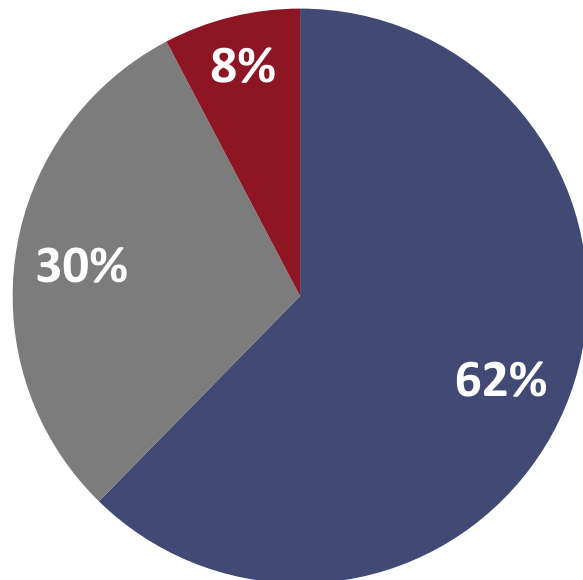
*Certain levies are spread based on Market Value rather than tax capacity.



State Aid Impact

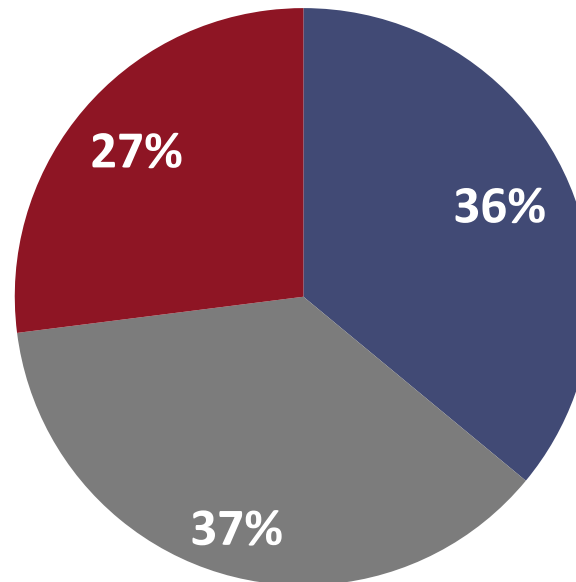
WHO COLLECTS

- State
- Non-Local School
- School District



WHO SPENDS

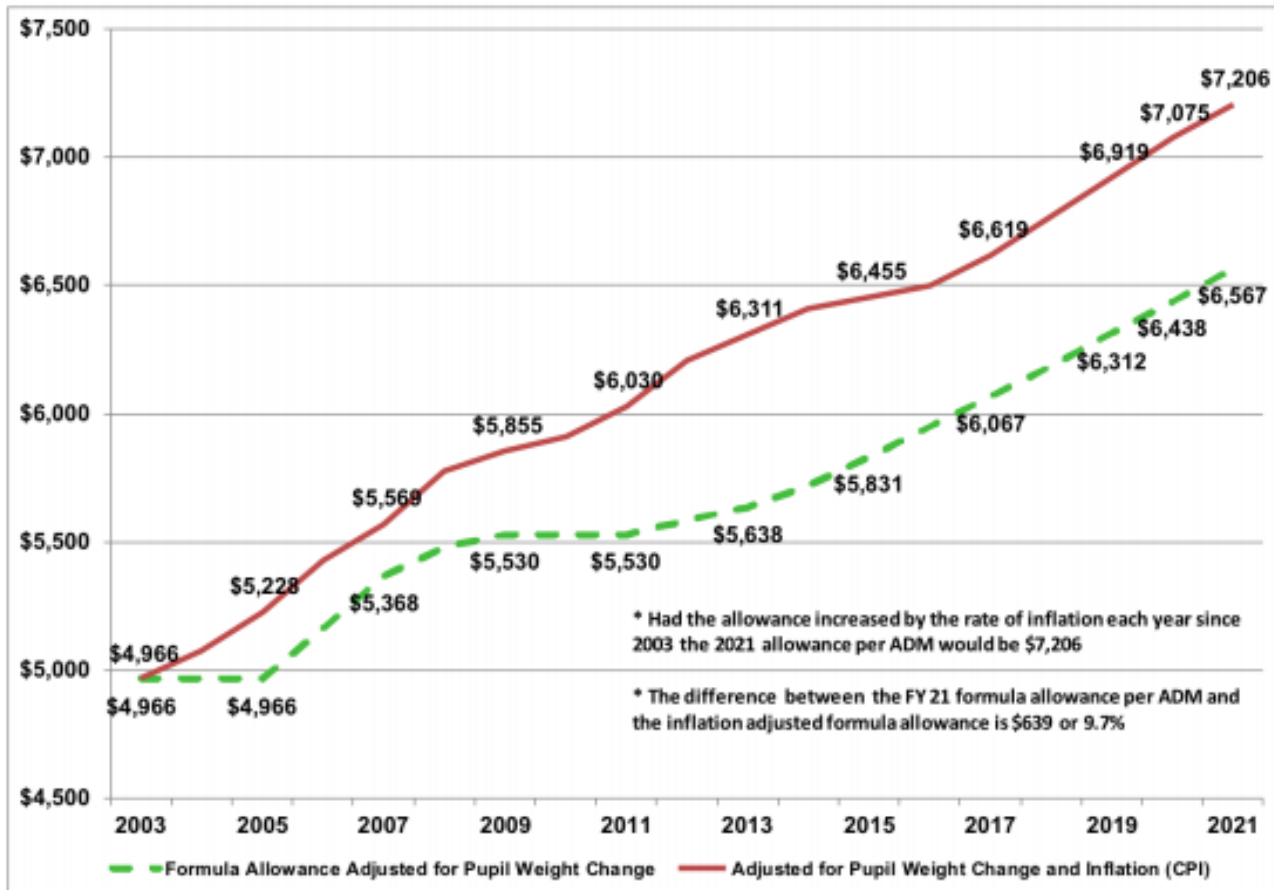
- State
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(Data source, MN Department of Management and Budget, 2017)



General Education Formula Allowance, 2003-2021 Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE August 2019 Inflation Estimates

AMSD Association of Metropolitan School Districts

EHLERS

Funding trails inflation by **\$639 per pupil** since 2003, **\$568 million annually**.



20-21 School Year Budget

Fund	Revenues	Expenses	Net
General	6,136,348	5,947,757	188,591
Community Education	\$95,000	\$95,000	0
General Debt Service	205,420	204,000	1,420
Food Service	259,668	259,668	0
TOTAL	6,696,797	6,506,786	190,011



20-21 School Year Budget

SCHOOL DISTRICT NOTE:

- \$6,696,797 Projected Revenue— included in this, we have a Total Levy of \$536,829 or 12.4% of our overall revenue
- Summer Food Program for the 2020-2021 School Year. Federal Government will reimburse our district \$259,688
- The State Budgeted forecast is better than expected with an anticipated 641 million surplus for fiscal year 20-21



20-21 School Year Budget

State is projecting a \$1.273 billion dollar shortfall for the fiscal year 22-23

- *Impact of Covid-19???
- *\$150,000 less from County (Con Con Money)
- *Higher unemployment Costs
- *Increase of subs and “sick days”
- *Increase cost of materials
- *Purchase Technology for Distance Learning



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)



Property Wealth Picture

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

Our District:

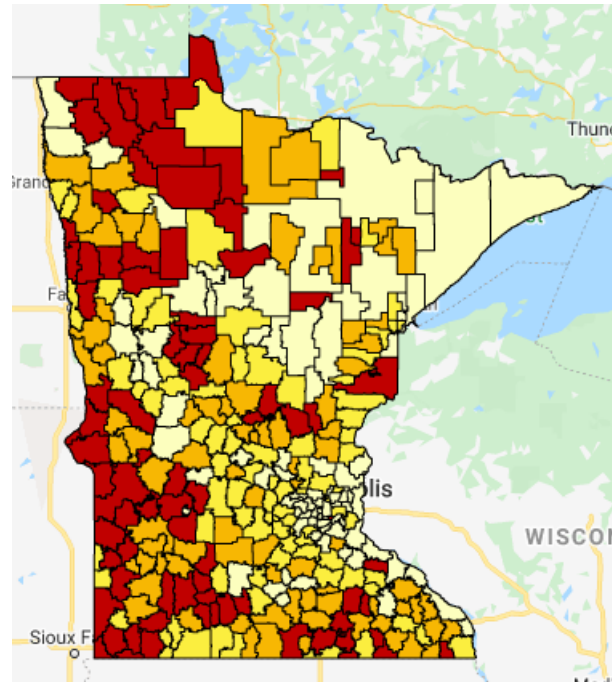
\$ (325,135) per RPU

Median District:

\$407,000

Average District:

\$478,700



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in Pay '21

■	0 to	333000.99	Lowest RMV/RPU
■	333001 to	407000.99	Below the Median
■	407001 to	561000.99	Above the Median
■	561001 to	1600000	Highest RMV/RPU



Proposed Pay '21 Levy

CERTIFICATION FOR ISD #363

Fund	Pay '21 Levy Limit	Proposed '21 Levy	Percent Change
General	322,665.50	322,665.50	0%
Community Education	14,423.92	14,423.92	0%
General Debt Service	199,740.23	199,740.23	0%
OPEB Debt Service	0	0	0%
TOTAL	536,829.65	536,829.65	0%

Ag2School 55% Credit of \$XXXXX offsets the General Debt Service Levy for famers and timber landowners



Levy Comparison

- 19-20 Local Optional Revenue \$382 Max \$724
- Revenue Generated was \$122,087.50
- 19-20 OPEB Levy (Other Post-Employment Benefits) \$44,588

- 20-21 Local Optional Revenue \$515 Max \$724
- 20-21 LOR Revenue \$164,285



Levy Comparison

- 19-20 Total Levy \$571,824.31
- 20-21 Total Levy \$536,829.65
- Levy Reduction of \$34,994.66
- Levy Reduction of 6.1% from 19-20



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor/Treasurer

Tom West

Auditor's Office Phone: (218-283-1102)

Treasurer's Office Phone: (218-283-1102)

ISD #363 Superintendent Jeremy Tammi

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