

PUBLIC HEARING

**2025-26 Budget
& Proposed 2026
Property Taxes**

Bagley Public Schools, ISD 162



December 2025

Resources provided by



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 2026 levy
 - Fiscal year 2026 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?

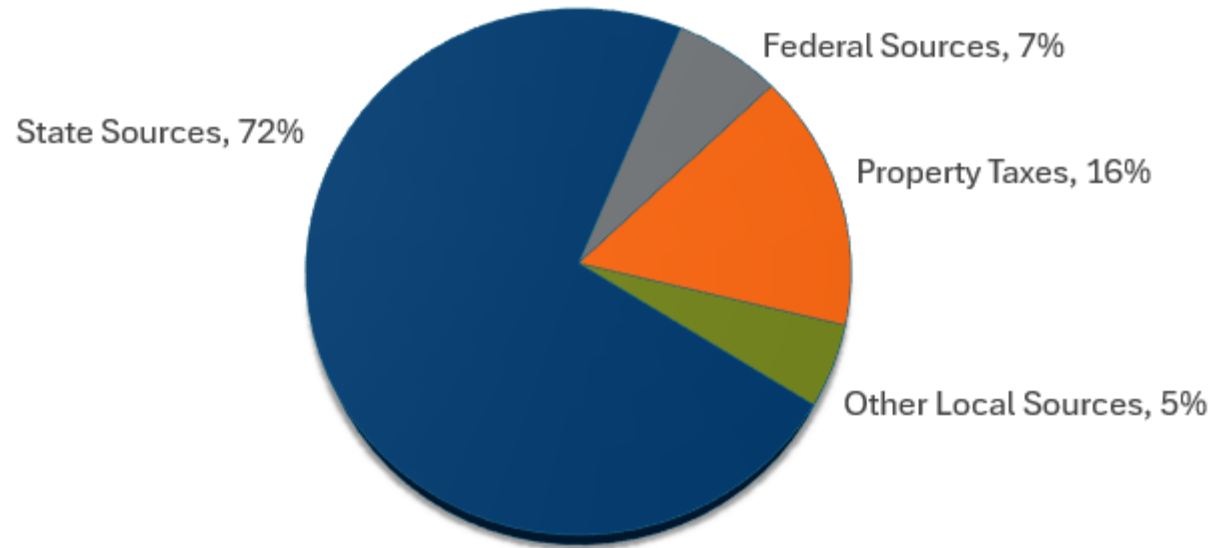
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel 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 - Statewide
Fiscal Year 2023-24**



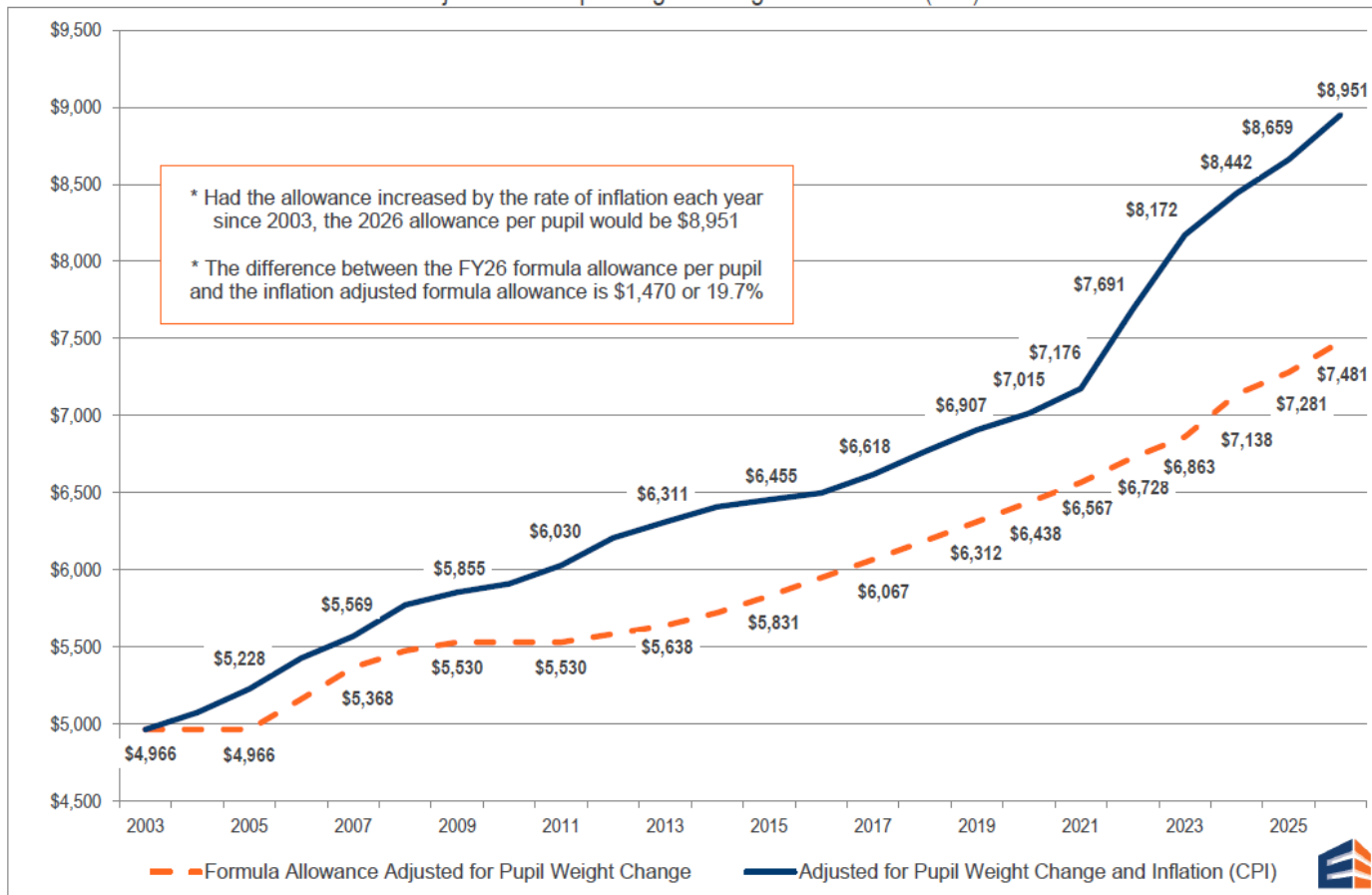
Source: MDE 2024 Consolidated Financial Report



Funding will trail inflation by \$1,470 per pupil in FY26

General Education Formula Allowance, 2003-2026

Adjusted for Pupil Weight Change and Inflation (CPI)

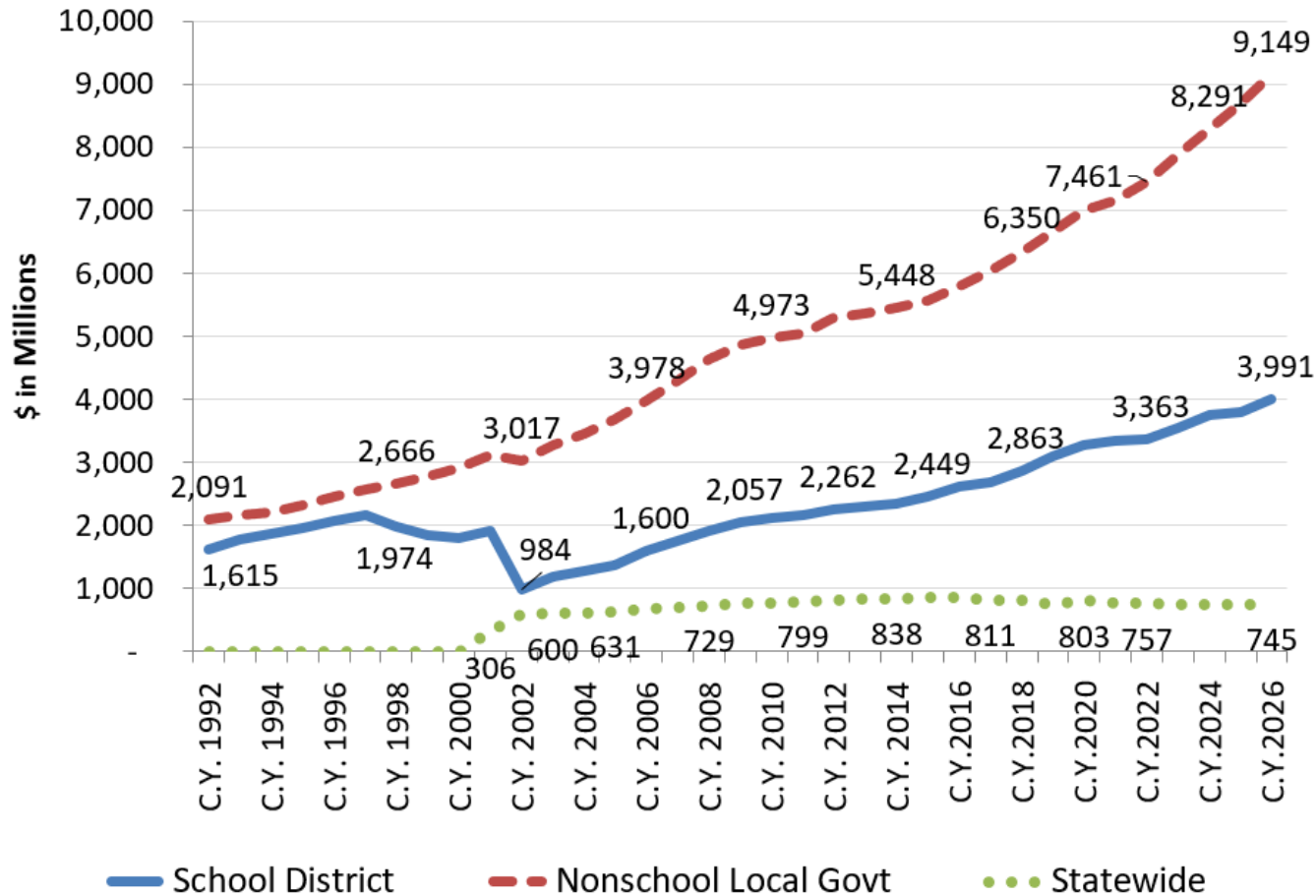


Source: MDE December 2024 CPI Inflation Estimates and Minnesota Laws 2023



Property Tax Levies: School vs Non School

Payable 1992-2026



Source: MDE



25-26 School Year Budget

Fund	Revenues	Expenses	Net
General	13,871,977	13,469,745	402,232
Food Service	656,648	650,000	6,648
Community Education	244,366	262,400	(18,034)
General Debt Service	395,000	395,000	0
OPEB Debt Service	0	0	0
Other	21,500	21,500	0
TOTAL	15,189,491	14,798,645	390,846



25-26 School Year Budget

NOTES:

- Percentage of levy to budgeted revenue:
 - General Fund: 10.67%
 - Community Service: 23.28%
 - Debt Service: 69.57%
- Significant budget changes from prior year:
 - Decreased enrollment
 - End of federal ESSER funds
 - Operating funds reduced \$541,000



Know Your Valuation

- ❑ Property classification and market value
- ❑ Sent Spring 2025; cannot change value
- ❑ Watch for 2026 statement for 2027 in SPRING and where to appeal

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	\$1,467.52	
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.			

Effective Tax Rates

Property Classification	2025
Farm	0.41%
Seasonal Rec	0.74%
Residential Homestead	1.15%
Apartment	1.43%
Public Utility	2.44%
Commercial-Industrial	2.90%

Source: MN Dept of Revenue



Share of Tax Liability

Property Classification	Market Value Share (2024 Assessment)	Share of Net Taxes (Payable in 2025)
Farms	20.0%	6.8%
Seasonal Rec Residential	4.0%	2.5%
Commercial and Industrial	11.4%	26.2%
Residential Homes	57.0%	54.8%
Other Residential	6.4%	7.5%

Source: MN Dept of Revenue



Ag2School Ag & Rural Land Tax Credit

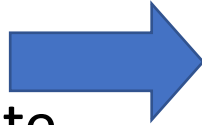
- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Will remain at 70% in 2026
- The revenue for Ag2School comes from state income, sales and other tax revenue



Find Your Ag2School Credit

Tax Statement (sample)

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification
- Mailed by each county no later than March 31.



Tax Detail for Your Property:

<u>Taxes Payable Year:</u>	<u>2025</u>	<u>2026</u>
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	
<u>Property Tax and Credits</u>		
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
<u>Property Tax by Jurisdiction</u>		
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 Ag Land Credit Pay '25

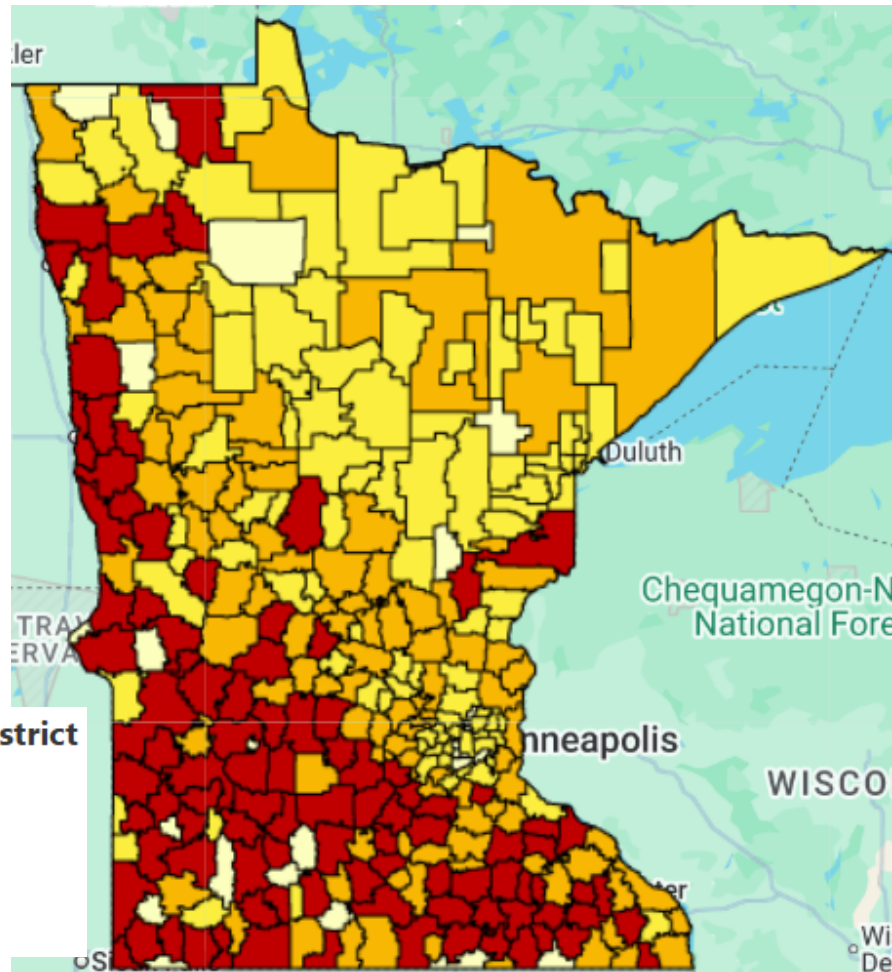
How does your
school district
compare?

in total
Ag2School
credit?

[View Interactive Map](#)

Ag2School Ag Land Credit Pay '25 per District

- No credits
- Less than \$140,000 in credits
- Between \$140,000 to \$380,000 in credits
- Greater than \$380,000 in credits



Source: MN Dept of Education



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	\$671,345/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.

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 FY '25

How does our district compare
in Operating Referendum
Revenue?

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

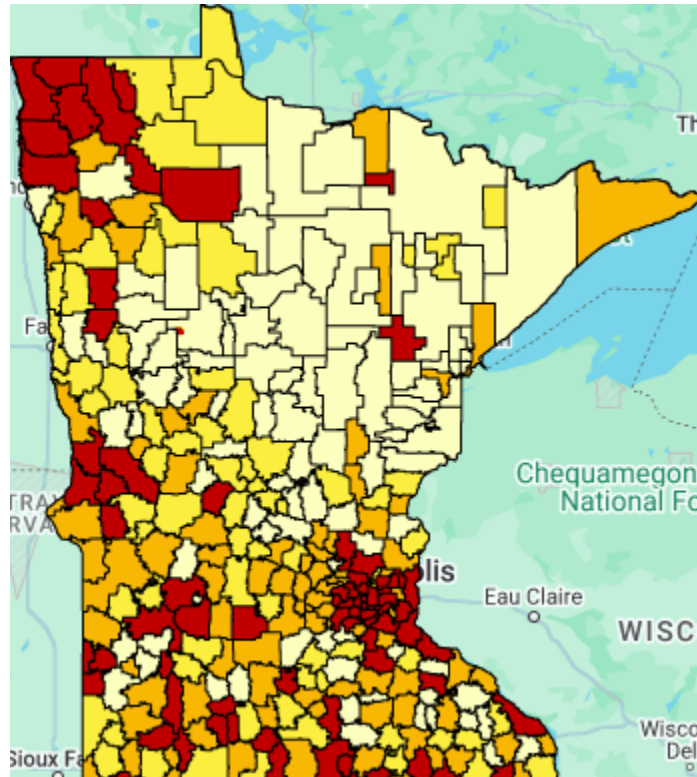
Our District:

\$0 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



FY '27 Property Wealth Picture for Operating Referendums & LOR

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

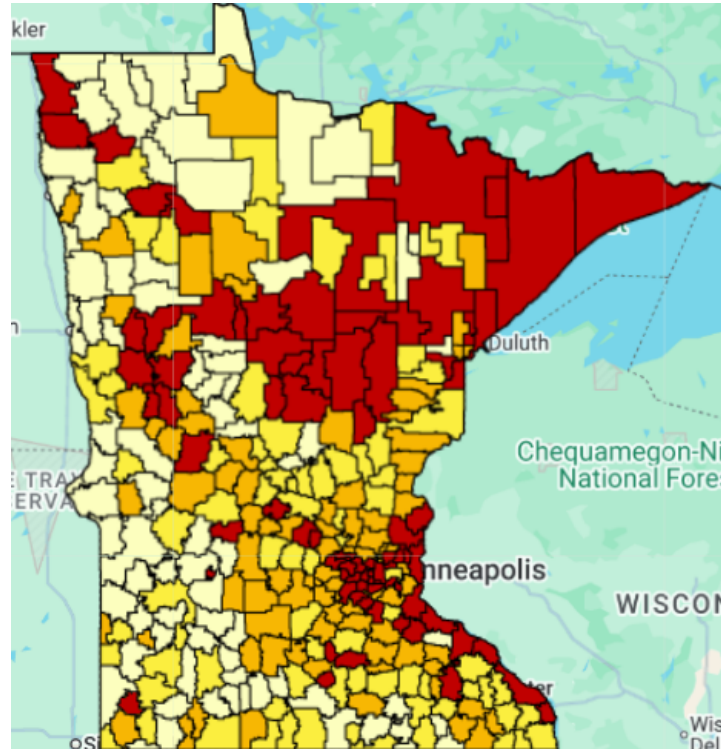
([View MREA Interactive Map](#))

Our District:

\$765,943/RPU

Median District:

\$723,714/RPU



Referendum Market Value (RMV) per Referendum Pupil Units (RPU)

- Lowest Quartile of RMV/RPU
- Less than the Median RMV/RPU
- Greater than the Median RMV/RPU
- Greatest Quartile of RMV/RPU



Long-Term Facility Maintenance

Included in School Property Taxes for Pay '25

- School Board and MDE approved 10-year facility maintenance plan, including:
 - Roofing Replacement
 - Heat Pump Replacement
- LTFM Revenue: \$752,992
 - State share (Aid): \$119,990
 - Local share (levy): \$633,002
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Proposed Pay '26 Levy

CERTIFICATION FOR BAGLEY PUBLIC SCHOOLS

Fund	Pay '26 Levy	Increase/ (Decrease) from Pay '25	Percent Change
General	1,547,500	67,234	4.54
Community Education	58,561	1,683	2.96
General Debt Service	279,000	4,195	1.53
OPEB Debt Service	N/A	N/A	N/A
TOTAL	1,885,061	73,112	4.03



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

Clearwater County Auditor/Treasurer

202 Main Avenue North, Dept. 202

Bagley, MN 56621

218-694-6520

Bagley Public Schools

202 Bagley Avenue NW

Bagley, MN 56621

218-694-6184

