

**Preliminary
Tax Levy
September 2024**



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Tonight's Outcome

The school board approves language to allow management to continue working with the Minnesota Department of Education (MDE) to establish levy parameters that will be used in property tax statements distributed in November.

The school board is not setting the tax levy tonight. That will occur on December 9, 2024.



Property Tax Background

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



Payable in 2025 Tax Levy

Schedule of events in approval of district's Payable 2025 tax levy

- September 6: Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
- September 23: School board approves proposed levy amounts at the maximum
- Mid-November: County mails “Proposed Property Tax Statements” to all property owners
- December 9: Public hearing on proposed levy
- December 9: Following hearing school board will certify final actual levy amounts



Overview of Levy Changes

Fund	Pay 24	Pay 25	\$ Change	% Change
General Fund	\$49,660,251	\$51,389,756	+ \$1,729,505	+ 3.48%
Community Education	1,302,511	1,314,353	+ 11,842	+ 0.91%
Debt Service	9,412,377	10,412,288	+ 999,911	+ 10.62%
Total	\$60,375,139	\$63,116,397	+ \$2,741,258	+ 4.54%

Note: These are estimates



Overview of Aid Changes

Fund	FY24	FY25	\$ Change	% Change
General	\$ 94,457,623	\$ 103,244,538	+ \$8,786,915	+ 9.30%
Community Education	398,140	447,292	+ 49,152	+ 12.35%
Total	\$ 89,228,632	\$ 94,917,390	+ \$5,688,757	+ 6.38%



Explanation of Levy Changes

General Fund

Category:	Operating Referendum & Local Optional Revenue
Change:	+ \$983,049
Use of Funds:	General operating expenses
Reasons for increase:	
	Funding based on estimated inflation, FY26 1.02%



Explanation of Levy Changes

General Fund

Category:	Building / Lease Levy
Change:	+ \$813,469
Use of Funds:	To pay for leases of instructional spaces

Reasons for increase:

The District purchased the Valley View property and increased lease levy obligations by \$1.1 million through issuance of Certificates of Participation (COPs). Offset by Intermediate Dist 287 Lease Levy, City Center Lease and Graduation venue expirations, and a Pay 22 negative adjustment.



Explanation of Levy Changes

General Fund

Category:	Capital Projects (Technology Levy)
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Change:	+ \$677,308
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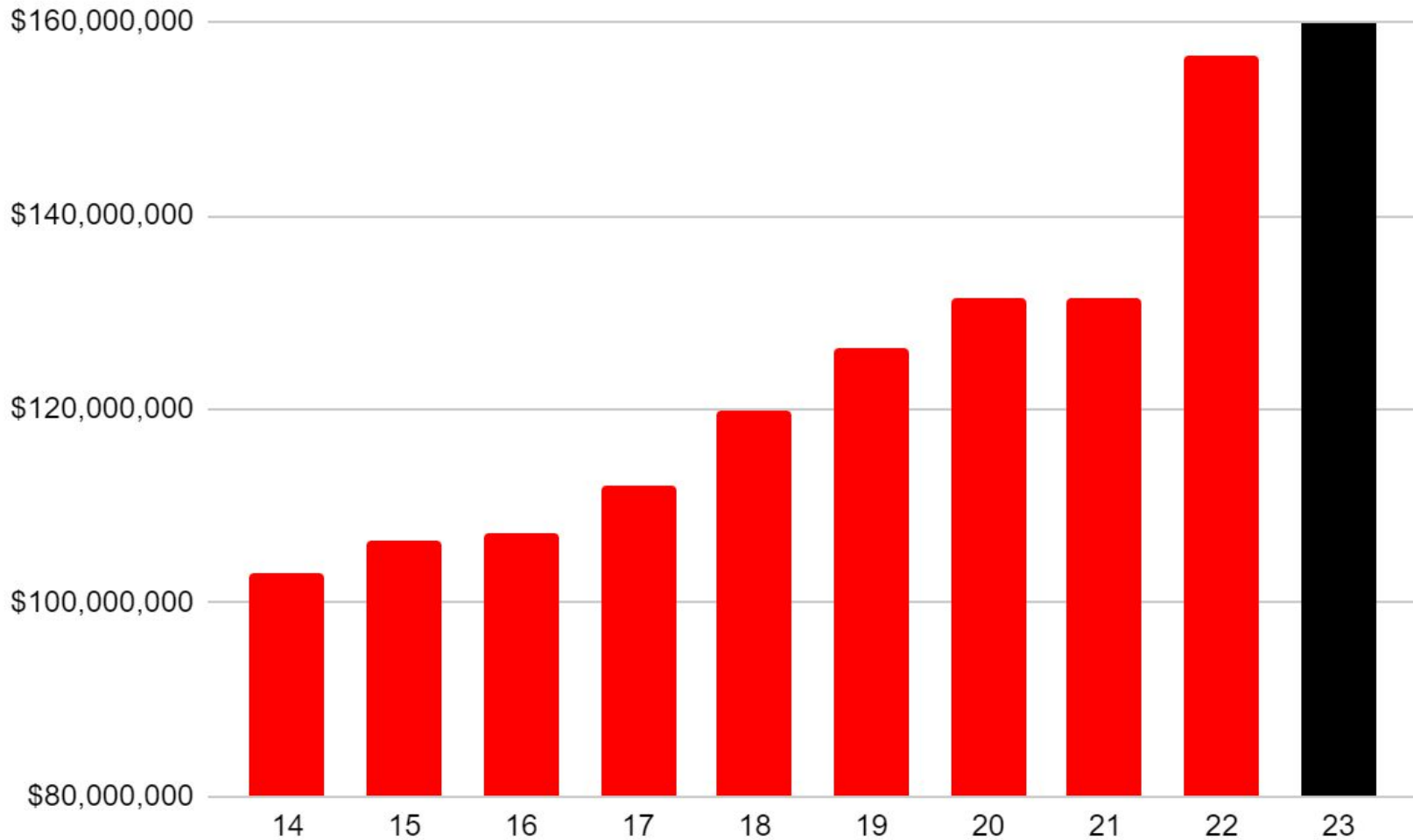
Use of Funds:	General operating expenses
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Reasons for increase:

The capital projects levy is based on net tax capacity (ANTC)



Adjusted Net Tax Capacity (ANTC)



Explanation of Levy Changes

General Fund

Category:	Long Term Facility Maintenance (LTFM)
Change:	-\$1,883,227
Use of Funds:	Deferred capital and maintenance, approved health and safety, increased accessibility to school facilities.

Reasons for decrease:

Decrease is the result of a committed reduction aligned with the purchase of the Valley View Property to meet the board promise of reducing the LTFM Pay As You Go Levy and related state approved projects.



Explanation of Levy Changes

Debt Service Fund

Category:	Facilities Maintenance Bonds
Change:	+ \$726,078
Use of Funds:	Principal and Interest Payments

Reasons for increase:

Planned increase in the principal and interest payments on the old alternative facilities bonds and the newer long-term facilities maintenance bonds.



Overview of Levy Changes

Fund	Pay 24	Pay 25	\$ Change	% Change
Voter Approved	\$ 33,662,029	\$ 35,252,031	+ \$1,590,002	+ 4.72%
Other	<u>26,713,110</u>	<u>27,864,366</u>	<u>+ \$1,151,256</u>	<u>+ 4.31%</u>
Total	\$ 60,375,139	\$ 63,116,397	+ \$2,741,258	+ 4.54%



Tax Levy Comparisons

Local Taxing Jurisdictions Proposed Levies:

- City of EP: 5.8%
- Hennepin County: 5.5%
- Eden Prairie Schools: 4.54%



Tax Impact

Eden Prairie Public School District No. 272

September 23, 2024

Property Taxes - Actual for Payable 2024 and Estimates for Payable 2025

		Actual Taxes Payable in 2024	Preliminary Estimate of Taxes Payable in 2025	Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes *			
Residential Homestead	\$250,000	\$985	\$1,007	\$22	2.2%
	350,000	1,408	1,448	40	2.8%
	450,000	1,825	1,890	65	3.6%
	538,000	2,201	2,295	94	4.3%
	545,000	2,233	2,328	95	4.3%
	650,000	2,710	2,827	117	4.3%
	750,000	3,165	3,301	136	4.3%
850,000	3,620	3,776	156	4.3%	

Key Assumptions:

1. Preliminary Pay 2025 RMV is estimated to change by 1.17% and NTC by -0.23% as compared to taxes payable 2024.
2. Assumes no change in the value of individual parcels of property from 2024 to 2025 taxes. If the value of a parcel changed, the change in taxes will be different than shown above.
3. Taxes payable in 2025 are based on latest estimates of proposed levy, as of the date above.

* The Homestead Market Value Exclusion was modified starting with 2024 assessments (taxes payable in 2025) during Minnesota's 2023 legislative session. The change provides additional property tax relief for residential homestead properties with a value greater than \$76,000 and less than \$517,200.



Summary

- Property value growth is driving a \$677,000 increase to the voter approved Capital Project Levy
- Voter approved operating referendum includes an inflationary increase of 1.02%
- Scheduled principal & interest payments on debt are \$726,000 higher than Pay24
- Strong enrollment continues to drive many levy increases
- Property tax impact is 4.3%:
 - \$545,000 home is \$95/year
 - \$350,000 home is \$40/year



Tonight's Action

- We propose the school board approve the preliminary levy at the maximum for taxes payable in 2025 for Independent School District #272.



THANK YOU



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