

School Board Workshop:

November 12, 2024

Subject:

2024 Payable 2025 Final Property
Tax Levy Certification

Presenter:

**Ryan L. Tangen, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

Report only

DESCRIPTION:

The District will hold its Truth in Taxation public meeting as a part of the December 9, 2024, school board meeting to discuss the 2024-25 budget and the proposed final 2024 payable 2025 property tax levy. Following the public meeting, the board may approve the final property tax levy certification.

As a recap, the proposed property tax levy presented and approved at the September 23, 2024, meeting was \$22,332,374.52, certified as the "Maximum." This amount represents an increase of \$231,683.22 or 1.05% from the previous year's final levy.

Since the Board approved the proposed levy as "Maximum", the county uses an updated proposed levy from MDE to calculate the Truth in Taxation notices mailed to property owners in November. The updated proposed property tax levy remains unchanged from the September board meeting at \$22,332,374.52.

Levy Amount Changes

Specifically, this year the major reductions and additions come in the following areas:

- The 2025-26 enrollment projection used for the Pay 2025 levy calculations decreased by 133.2 Adjusted Pupil Units (APUs) compared to projections used for the Pay 2024 levy, with Resident Adjusted Pupil Units (RAPU) decreasing by 361.60.
- The General Education formula used by MDE is estimated to increase 2.5% to \$7,465 from 2024-25 but is subject to change.
- Increasing property values and decreasing resident students resulted in reduced equalization aid and increased property tax levies.
- Increased equalization aid on Operating Capital, Long-Term Facilities Maintenance Revenue, General Community Education, School Age Care, and Early Childhood Family Education reduced property tax levies.
- The Debt levy increased due to the new bond payment schedule but is offset by the decrease in the General Fund Lease Levy.
- Several prior-year adjustments reflecting updated property values, final expenditure totals, and actual enrollment for previous years.

Tax Impact

Slight to no growth in net tax capacity values and referendum market values across the district is expected for property taxes payable in 2025. Preliminary estimates show a net tax capacity decrease of 0.12% and a referendum market value increase of 1.26%. These valuation changes, combined with the levy total have the following effects:

- The slight decrease in net tax capacity results in a 0.358% increase in the net tax capacity rate.
- The increase in referendum market value results in a .002% decrease in the referendum market value rate.
- Equalized levies will see a decrease in aid and increase in levy due to increasing property wealth per student.

Final net tax capacity and referendum market values used for the Truth in Taxation statements will reflect the projected 0.12% decrease in net tax capacity values and 1.26% increase in referendum market values. The September calculations were based on estimated 10% increase for both values.

Overall, the final Pay 2025 property tax levy is estimated to result in an annual tax increase of \$5.00, or 0.45% for properties with a value at \$300,000 compared to the final Pay 2024 property tax levy.

ATTACHMENT(S):

- 24 pay 25 Final Proposed Levy Certification Summary 11.12.24
- 24 pay 25 Final Proposed Levy Tax Impact Analysis 11.12.24