



EDEN PRAIRIE SCHOOLS

Inspiring each student every day

Public Hearing for Taxes Payable in 2026

DECEMBER 8, 2025

PRESENTED BY:

ANDREW ADAMS

EXECUTIVE DIRECTOR OF
BUSINESS SERVICES

Minnesota State Law Requires:

A Public Meeting...

- Between November 24th & December 28th
- After 6:00 PM
- May be part of regularly scheduled meeting
- May adopt final levy at same meeting
- Must allow for public comment

...and Presentation of:

- Current year budget
- Proposed property tax levy



Hearing Agenda

- 1. Background Information on School Funding**
- 2. District's Budget**
- 3. District's Proposed Tax Levy for Taxes Payable in 2026**
- 4. Public Comments**

MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII

MISCELLANEOUS SUBJECTS

Section 1“**UNIFORM SYSTEM OF PUBLIC SCHOOLS.** The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The *legislature shall make such provisions by taxation or otherwise* as will secure a thorough and efficient system of public schools throughout the state.”



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As a result...

Funding is Highly Regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Maximum authorized property tax levy (districts can levy less but not more than amount authorized by state, unless approved by voters)

State also authorizes school board to submit referendums for operating and capital needs to voters for approval



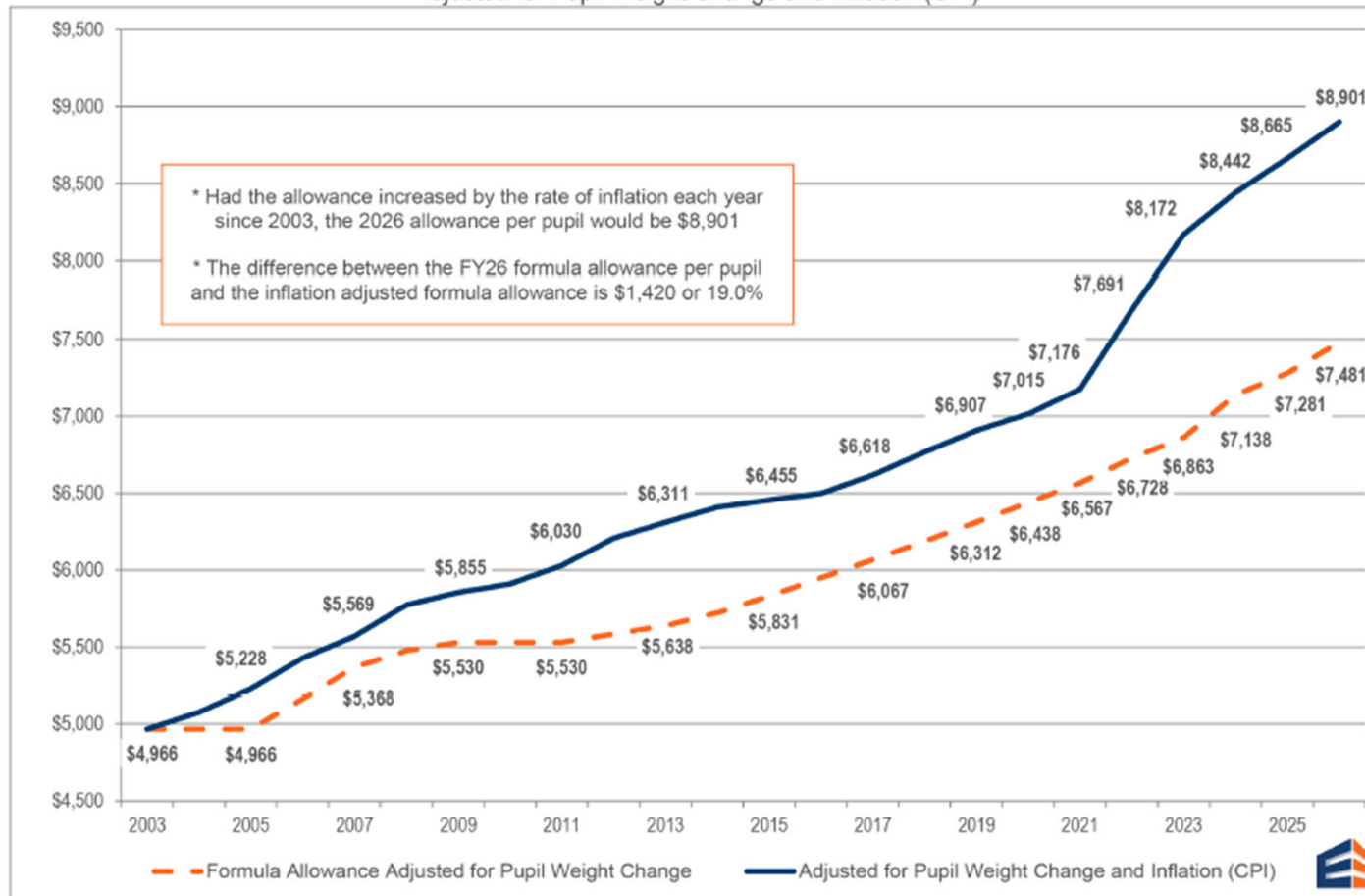
Challenge: State Set Basic General Education Formula Lags Inflation

- Since FY03, state General Education Revenue formula has not kept pace with inflation
- For FY26, Legislature approved an increase of 2.70%
- Per-pupil allowance for FY26 of \$7,481 would need to increase by another \$1,420 (18.9%) to have kept pace with inflation since FY03



Education Formula Lags Inflation

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2025 CPI Inflation Estimates and Minnesota Laws 2023



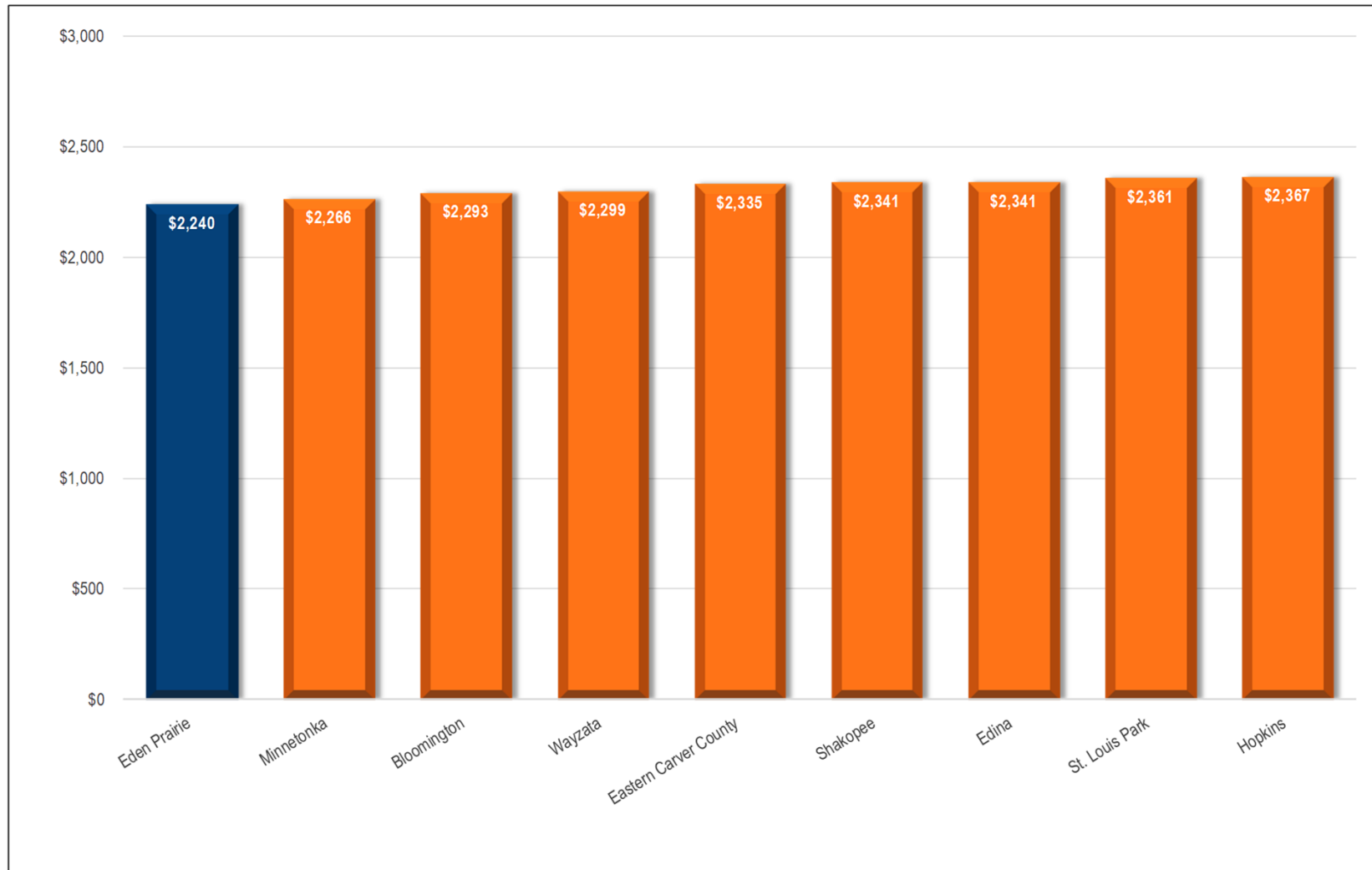
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Referendum Need

Result:

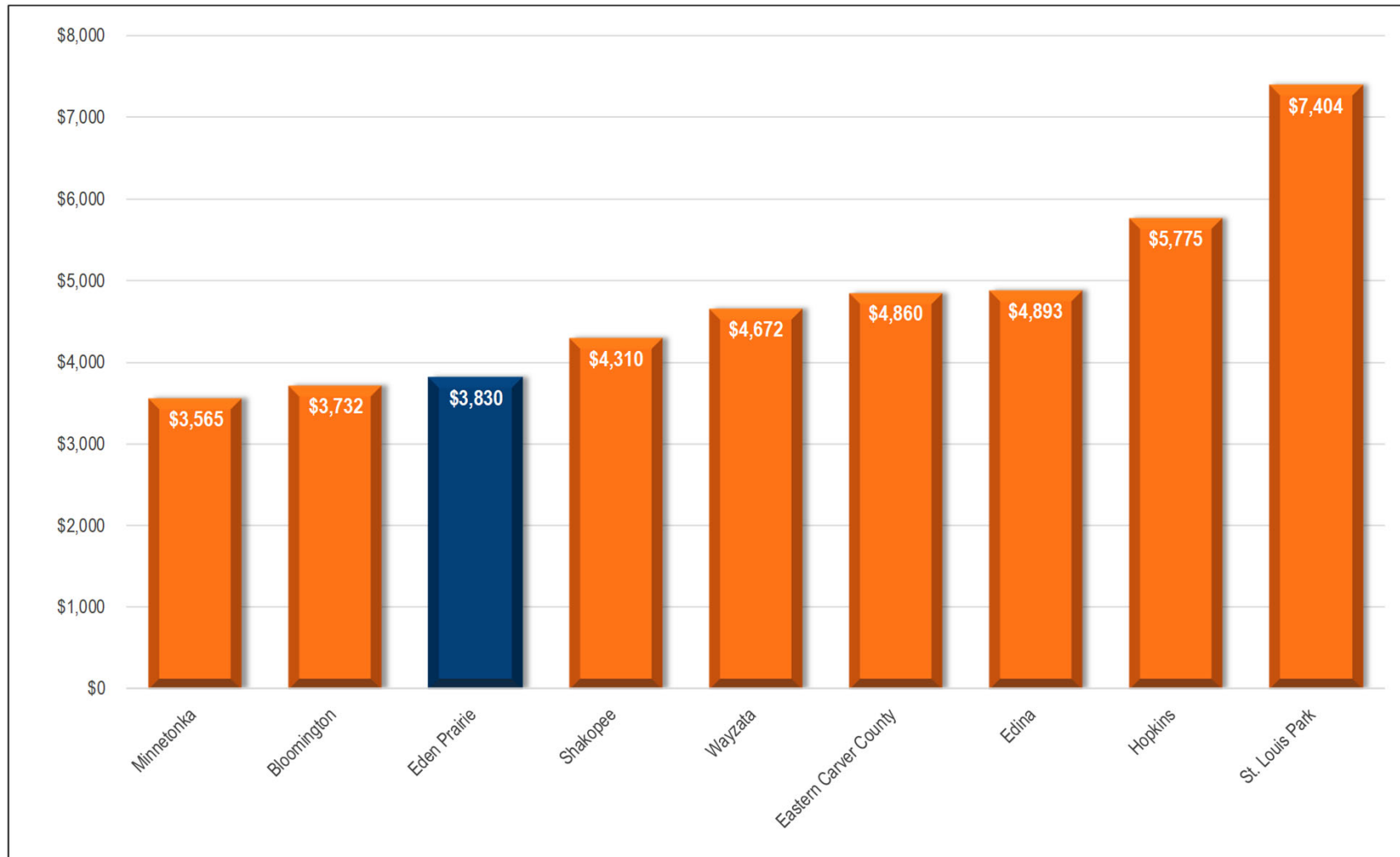
- Growing dependence on referendum revenue to bridge the gap in state funding

Voter Approved Referendum Authority Per Pupil Unit - Payable 2026 (FY 2026-27)



Source: MDE Pay 20 Levy Certification Reports, Dated 11/29/2025. Preliminary data - final levies have not been certified.

Pay 2026 Voter Approved Levies (Debt, Capital Projects and Operating Referendum) Per Pupil (ADM)



Source: MDE Pay 26 Levy Certification Reports, Dated 11/28/2023. Preliminary data - final levies have not been certified.

Change in Tax Levy Does not Determine Change in Budget

1

Tax levy is based on many state-determined formulas plus voter approved referendums

2

Some increases in tax levies are revenue neutral, offset by reductions in state aid

3

Expenditure budget is limited by state-set revenue formulas, voter-approved levies, and fund balance

4

An increase in school taxes does not always correlate to an equal increase in budget



School District Levy Cycle Differs from City/County Levy Cycle

City/County:

- Budget Year same as calendar year
- 2026 taxes provide revenue for 2026 calendar year budget

Schools:

- Budget year begins July 1st and coincides with school year
- 2026 taxes provide revenue for 2026-27 school year
- Budget will be adopted in June 2026



Budget Information

Because approval of school district budget lags certification of tax levy by six months, state requires only current year budget information and prior year actual financial results be presented at this hearing. The Fiscal 2026-27 budget will be set in June 2026.

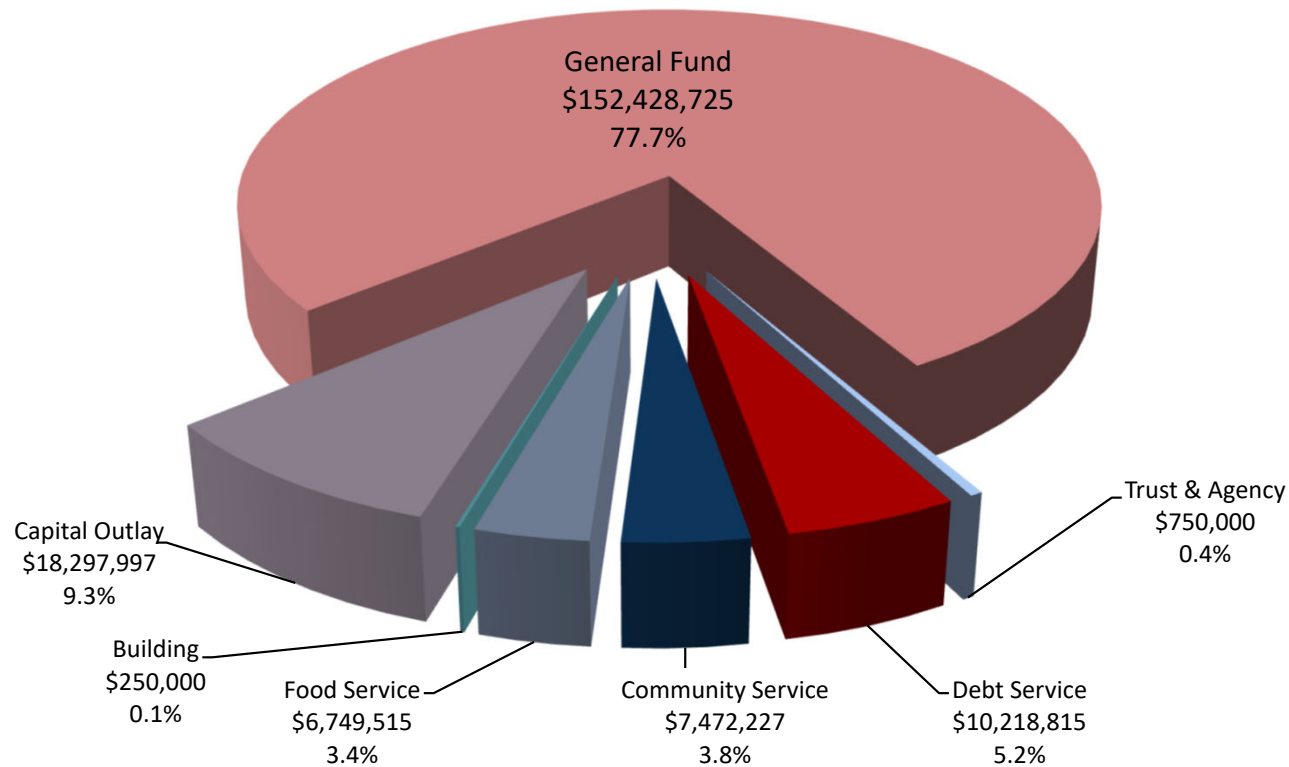
All school district budgets are divided into separate funds, based on purposes of revenue, as required by law

Our District's Funds:

- General (Includes: Capital Project Levy, Transportation)
- Food Service
- Community Service
- Building Construction (LTFM, Designing Pathways)
- Debt Service
- Other Post Employment Benefit (OPEB) Trust
- Internal Service (Self Funded Medical and Dental)
- Custodial Fund (Eden Prairie Family Services Collaborative)

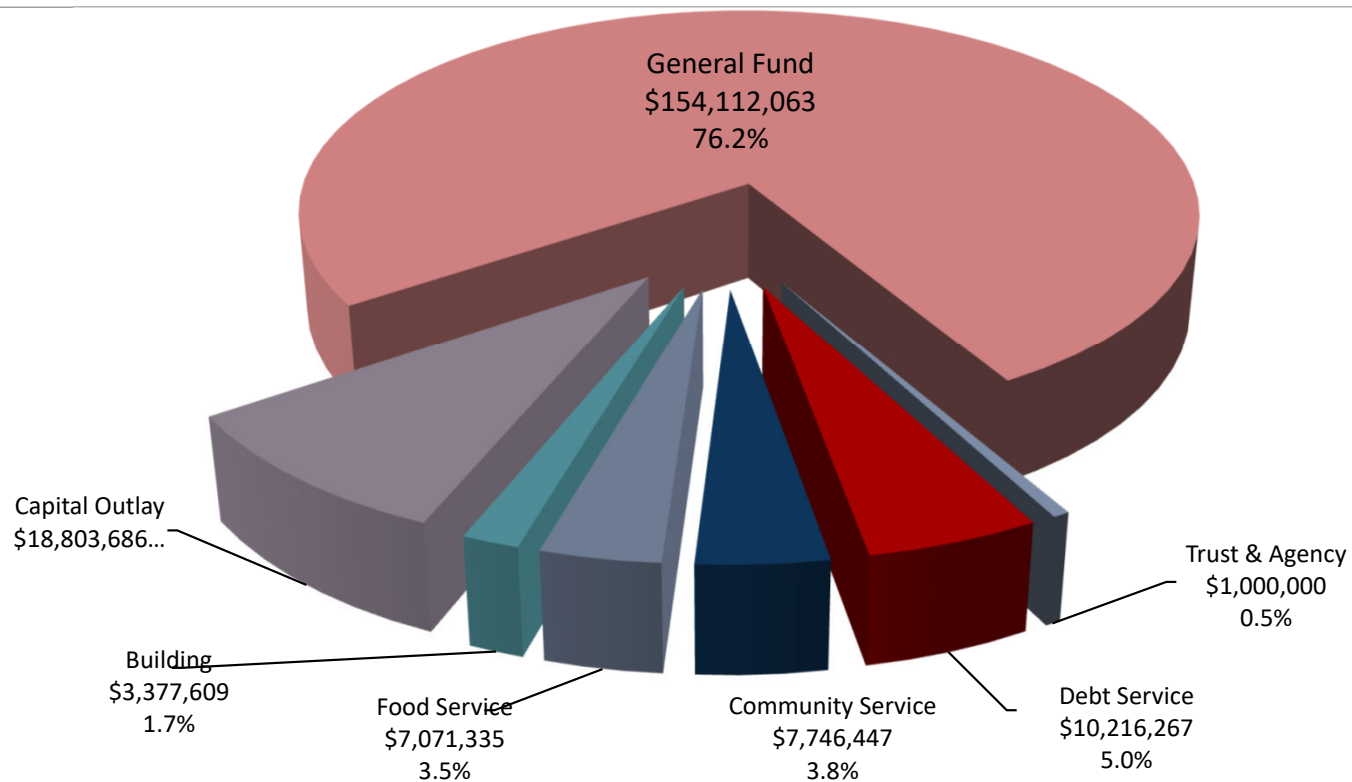
Revenues - All Funds

FY 26 Budget Total - \$196,167,279



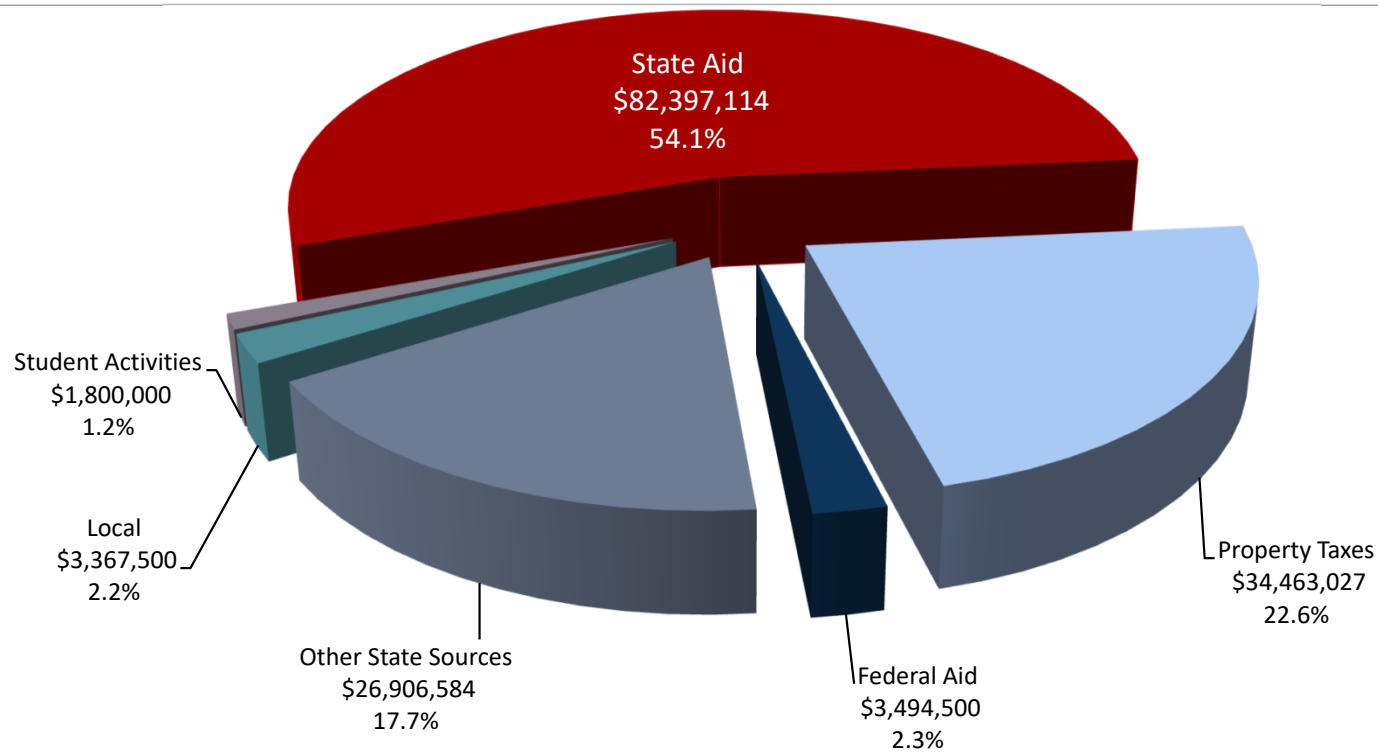
Expenditures - All Funds

FY26 Budget Total - \$202,327,407



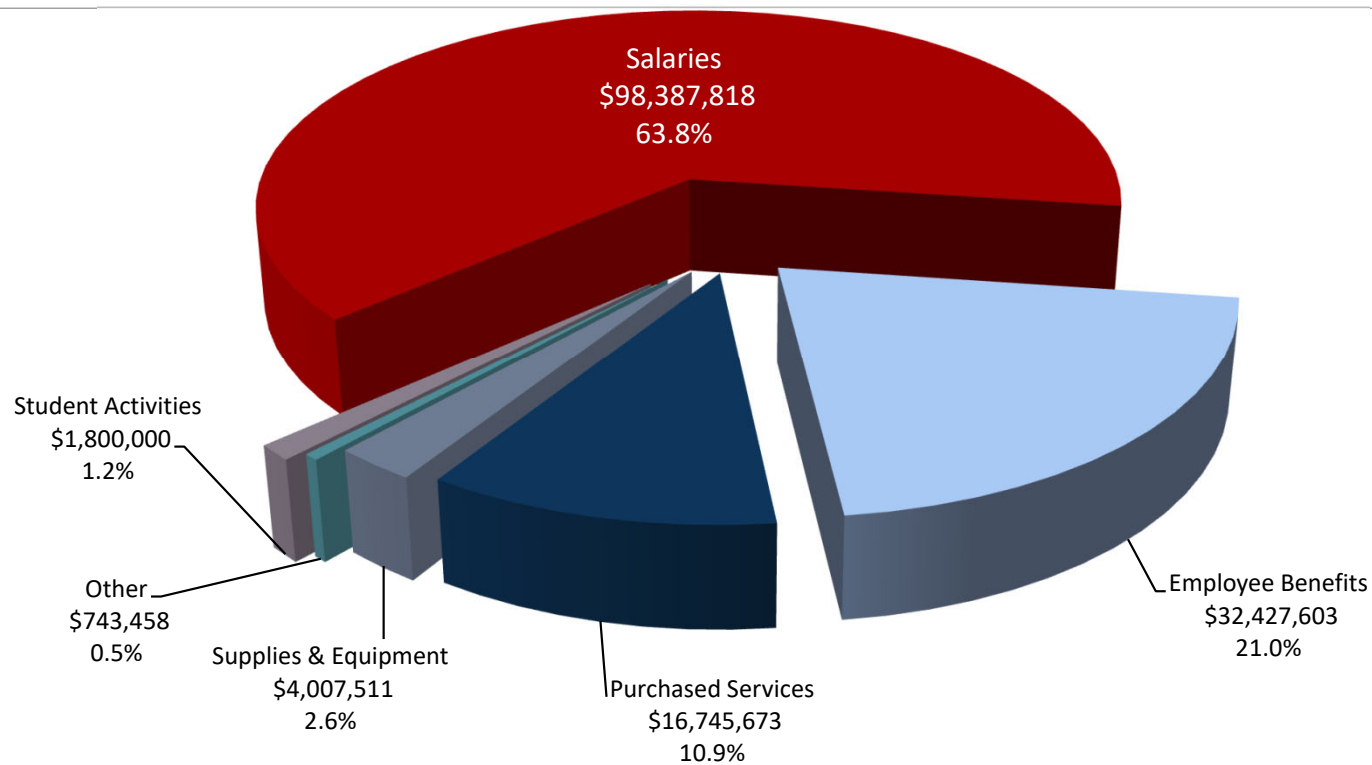
General Fund Revenues

FY 26 Budget - \$152,428,725



General Fund Expenditures

FY 26 Budget - \$154,112,063



Pay 2026 Property Tax Levy

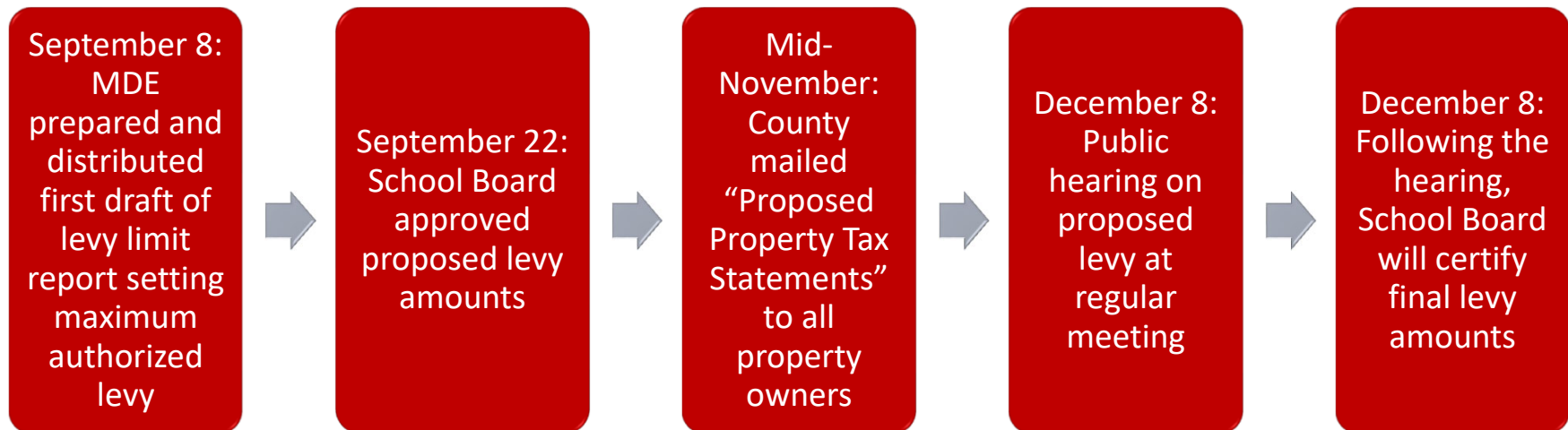
Determination of levy

Comparison of 2025 to 2026 levies

Specific reasons for changes in tax
levy

Impact on taxpayers

Schedule of Events of District's 2025 (Payable 2026) Tax Levy



Property Tax Background

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





School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- “Levy limits” (maximum levy amounts) for each category are set by
 - State law
 - Voter approval
- Minnesota Department of Education (MDE) calculates detailed levy limits for each district



Factors Impacting Individual Taxpayer Taxes

Many factors can cause a tax bill for an individual property to increase or decrease from year to year

- Estimated Market Value established by County/City Assessor
- Property Classifications established by state legislature
- Tax levy established by taxing jurisdictions (School, City, County, and others)



Market Value:

Basics of Property Assessment

- Minnesota Law requires that property be valued at its market value
- Assessors physically review 20% of properties annually, but re-value all properties each year
 - Also review properties where permits were issued
- For 1/01/2025 Assessments (Pay 2026), study period is October 2023-September 2024
- Use sales data and computer software to re-value all properties
- Perform a study of recent sales to establish appropriate adjustments to values



Market Value:

Eden Prairie Assessment Details 2025

City of Eden
Prairie Property
Value Increase in
2025

+1.5%

- Residential +3.0%
- Townhomes +1.7%
- Industrial +0.0%
- Apartments -0.7%
- Commercial -4.9%



Market Value:

Hennepin County Assessment Details 2025

Hennepin County
Property Value
Increase in 2025

+2.0%

- Townhomes +3.8%
- Residential +3.5%
- Industrial +1.8%
- Apartments -0.8%
- Commercial -4.2%



Classified Property Tax System:

Properties are Assigned Class Rates

Property Tax Class	Tax Rate Pay 2026
Residential (Up to \$500,000)	1.00%
Residential (Over \$500,000)	1.25%
Apartments	1.25%
Commercial (Up to \$150,000)	1.50%
Commercial (Over \$150,000)	2.00%
Seasonal Recreational (Up to \$500,000)	1.00%

Note:

The property's taxable market value is multiplied by the class rate(s) to determine the property's tax base, known as its net tax capacity.

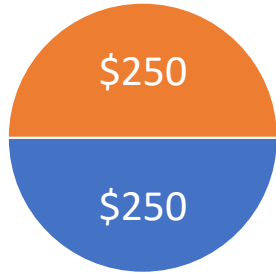


Property Taxes:

Dividing the Property Tax Pie

Tax Burden Shift

- Property values do not rise uniformly across all properties
- The burden of the tax levy shifts from taxpayers with lower increases to those with higher increases
 - Higher increase = Larger piece of the pie



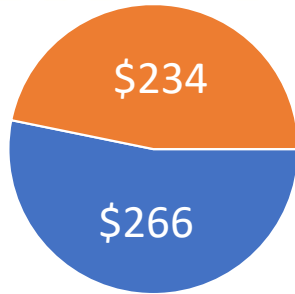
Impact of Property Valuations

Two Properties in the district

- Both houses are valued at \$100,000

Total levy of \$500

- Each property will pay \$250 of the levy



Impact of Property Valuations

Two Properties in the district

- Orange house value increases by 10%
- Blue house value increases by 25%

Total levy of \$500

- School District will still generate the same amount of levy even though values increased
- Orange house pays less
- Blue house pays more

Property Taxes

School Revenue Impact

Property Value Versus Inflation

- Property valuation increases do not change the amount of revenue the district receives
 - (Exception – Capital Project/Technology Levy)
- Inflation does drive additional revenue and helps to offset inflationary expenses



Pay 26 Levy Look Back

Date	Pay 25 Increase	Details
September 22, 2025	4.81%	Approved estimated levy and certify “Levy to the MAXIMUM” to Hennepin County.
September 30, 2025	4.81%	Final calculation of factoring all adjustments released by MDE.
December 8, 2025	4.49%	Proposed Final Pay 26 property tax levy Board for certification to Hennepin County.

Overview of Levy Changes

Fund	Pay 25	Pay 26	\$ Change	% Change
General	\$51,491,388	\$53,929,292	+ \$2,437,904	+ 4.73%
Community Education	1,314,321	1,363,361	+ 49,040	+ 3.73
Debt Service	10,218,815	10,562,095	+ 343,280	+ 3.36
Total	\$63,024,524	\$65,854,748	+ \$ 2,830,224	+ 4.49%

Note: Includes an under levy of \$199,145.74

Explanation of Levy Changes

General Fund	
Category:	Operating Referendum & Local Optional Revenue
Change:	+ \$1,812,418
Use of Funds:	General operating expenses
Reasons for Increase:	
Voter Approved:	
	Inflation adjusted (CPI) – increase of 2.37%



Explanation of Levy Changes

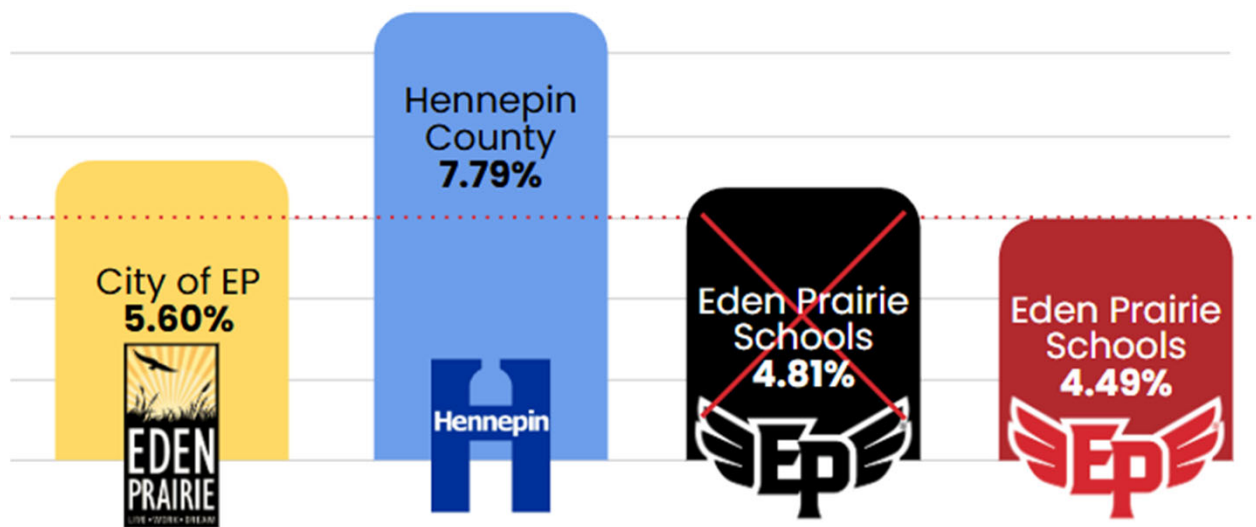
Debt Service Fund	
Category:	Debt Service
Change:	+ \$923,072
Use of Funds:	To make principal and interest payments on debt
Reasons for increase:	
School Board Approved:	
	Planned increase in the principal and interest payments on alternative facilities bonds and long-term facilities maintenance bonds.

Recommended Levy Reduction

Taxpayer Savings

- Debt Service Fund
 - Under Levy property tax abatements in the amount \$199,145.74





Local Taxing Jurisdictions Proposed Levy Increases



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Four Year School Levy Comparison

- Examples include school district taxes only & are shown based on no change and an 7.1% increase in property value for residential homes over the past four years
 - Actual changes in value may be more or less than this for any parcel of property
 - Intended to provide a fair representation of what happened to school district property taxes over this period for typical properties
- Amounts for 2026 are preliminary estimates; final amounts could change slightly
- Examples are for property in the City of Eden Prairie
- Estimates prepared by Ehlers (District's municipal financial advisors)



Estimated Changes in School Property Taxes, 2023 to 2026
Based on No Changes in Property Values

Type of Property	Estimated Market Value	Actual Taxes Payable in 2023	Actual Taxes Payable in 2024	Actual Taxes Payable in 2025	Estimated Taxes Payable in 2026	Change in Taxes 2023 to 2026	Change in Taxes 2025 to 2026
Residential Homestead	\$250,000	\$994	\$985	\$1,004	\$1,038	\$44	\$34
	350,000	1,420	1,409	1,444	1,493	73	49
	450,000	1,840	1,825	1,884	1,948	108	64
	545,000	2,250	2,233	2,321	2,399	149	78
	560,000	2,318	2,301	2,392	2,472	154	80
	650,000	2,730	2,711	2,818	2,912	182	94
	750,000	3,187	3,165	3,291	3,401	214	110
	850,000	3,644	3,620	3,764	3,890	246	126

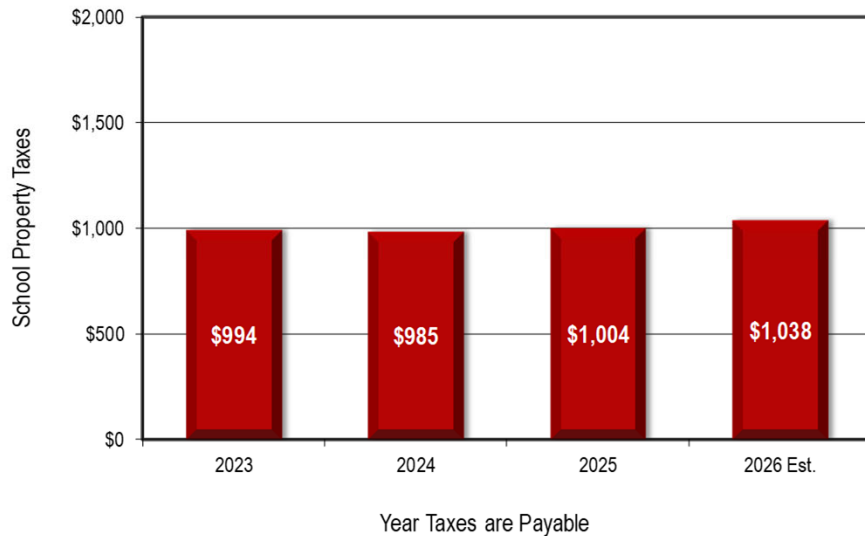
General Notes

1. Amounts are based on school district taxes only, and do not include taxes for city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2026 are preliminary, based on the best data available.
3. For all examples of properties, taxes are calculated based on no changes in estimated market value from 2023 to 2026.

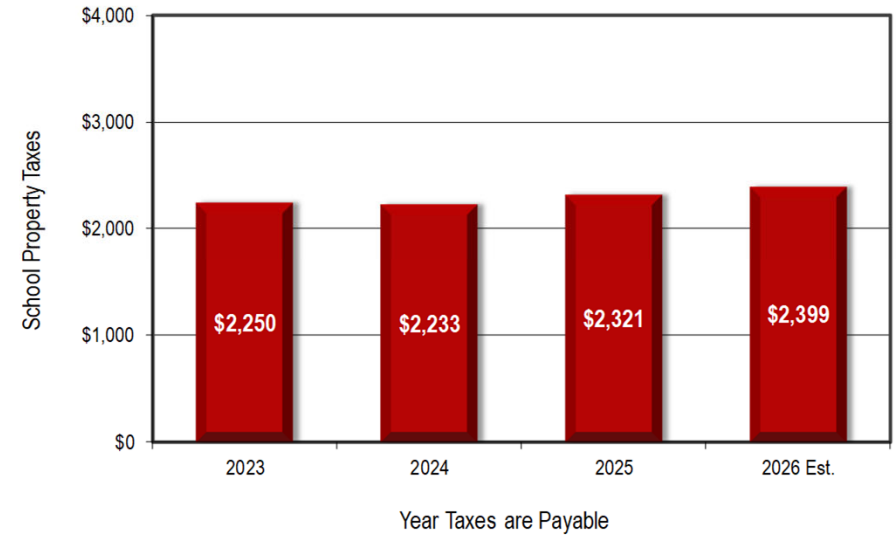
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value

Example 1: \$250,000 Residential Homestead Property

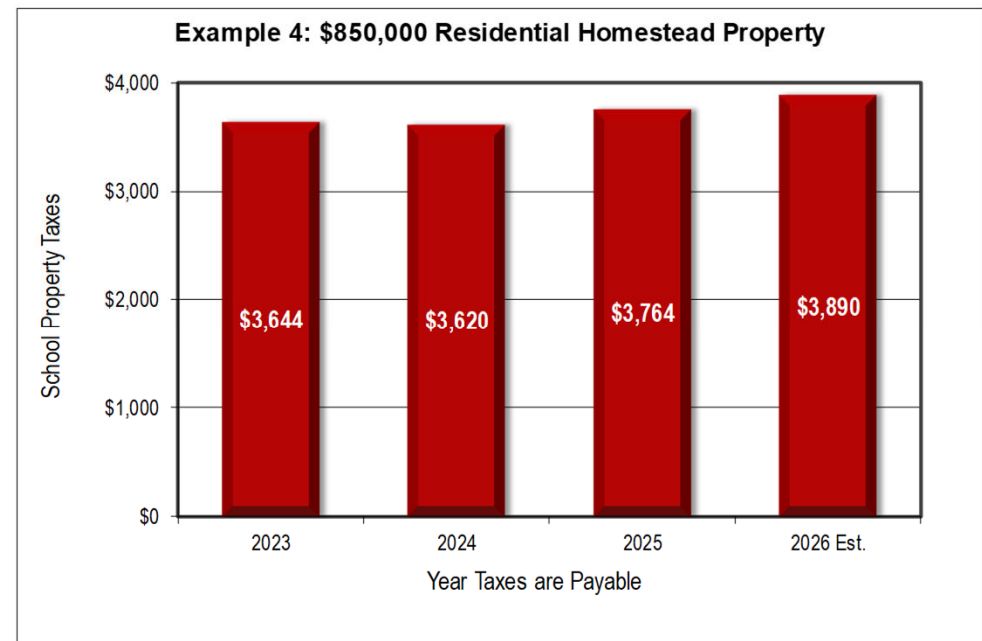
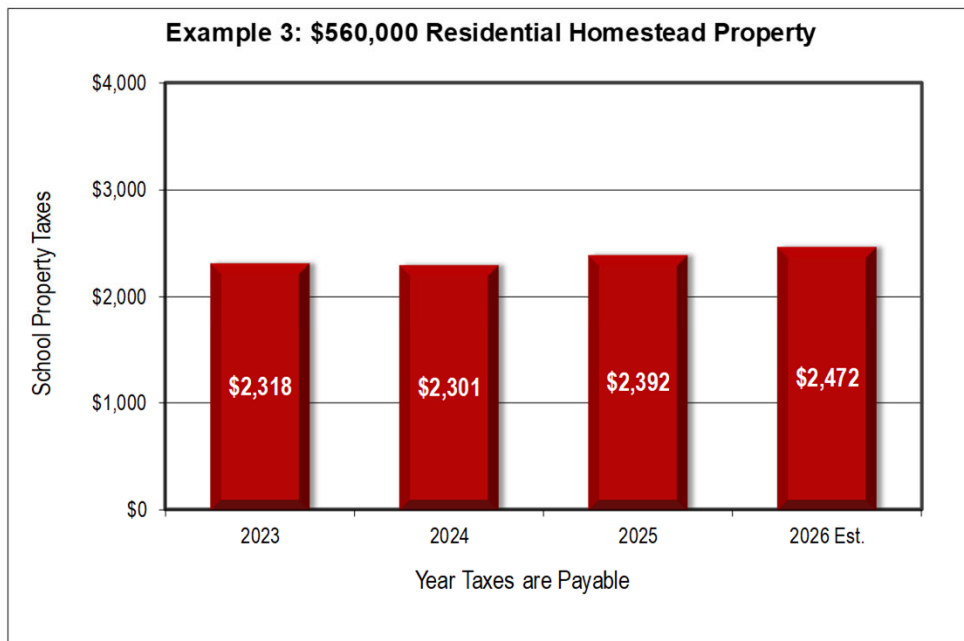


Example 2: \$545,000 Residential Homestead Property



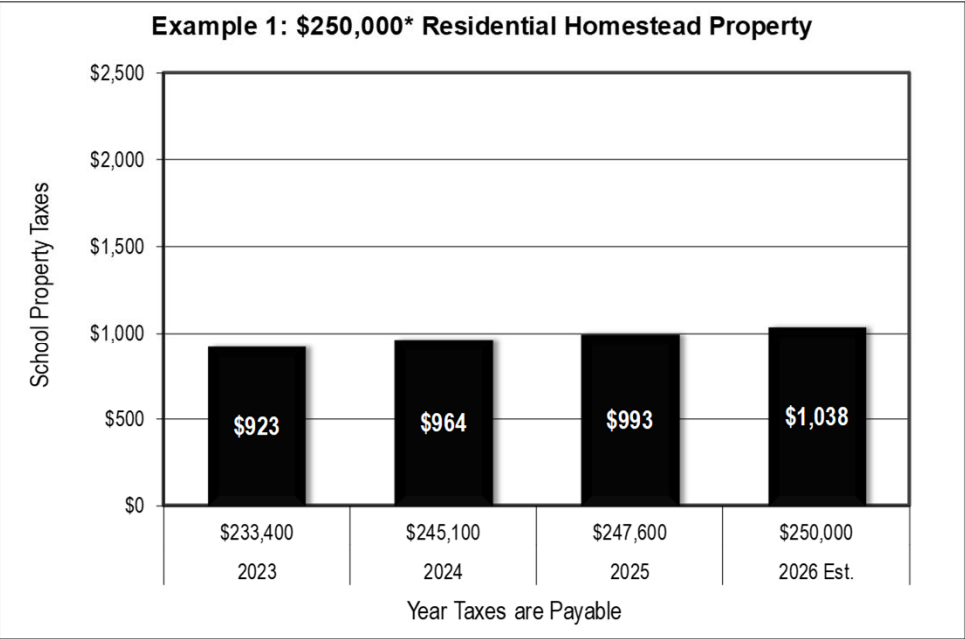
Estimated Changes in School Property Taxes, 2023-26

Based on No Changes in Property Value

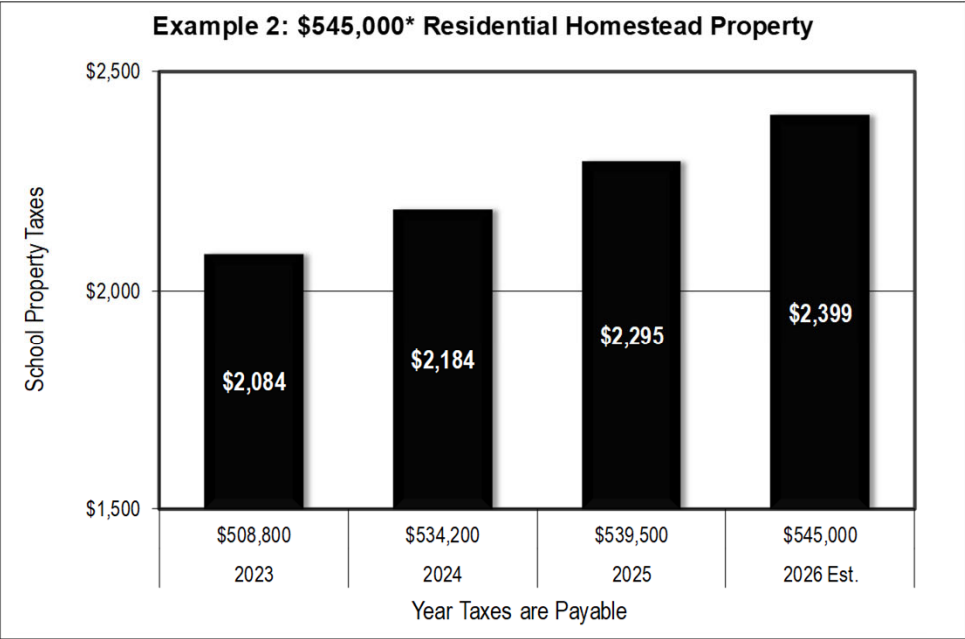


Estimated Changes in School Property Taxes, 2023-26

Based on 7.1% Cumulative Changes in Property Value



* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 1.0% from 2024 to 2025 and 1.0% from 2025 to 2026.

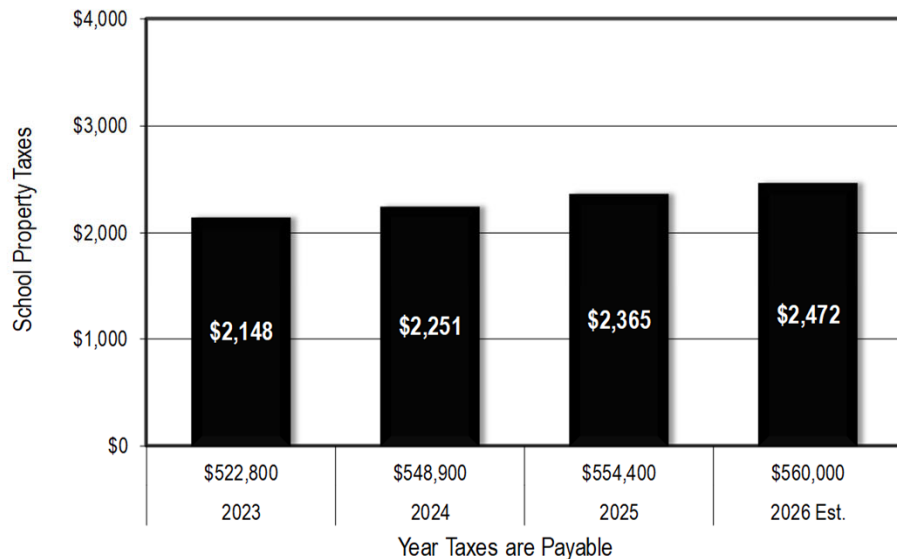


* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 1.0% from 2024 to 2025 and 1.0% from 2025 to 2026.

Estimated Changes in School Property Taxes, 2023-26

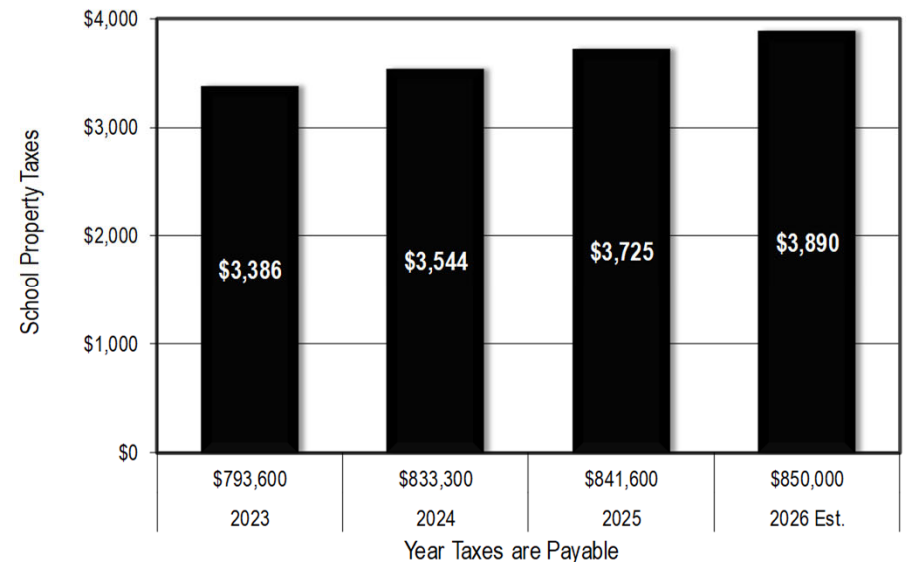
Based on 7.1% Cumulative Changes in Property Value

Example 3: \$560,000* Residential Homestead Property



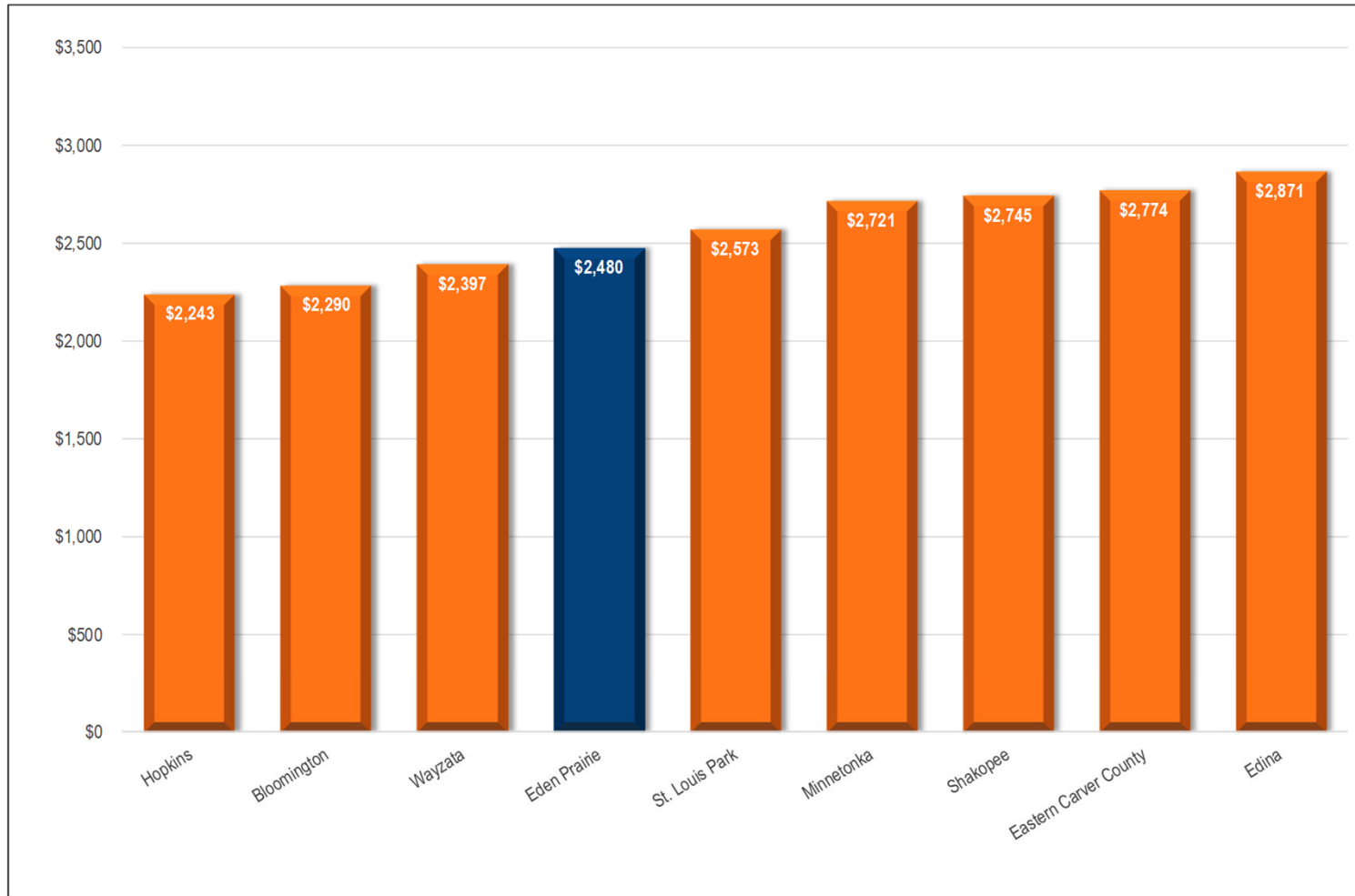
* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 1.0% from 2024 to 2025 and 1.0% from 2025 to 2026.

Example 4: \$850,000* Residential Homestead Property



* Estimated market value for taxes payable in 2026. Taxes are calculated based on changes in market value of 5.0% from 2023 to 2024, 1.0% from 2024 to 2025 and 1.0% from 2025 to 2026.

Total School Property Taxes, Payable 2026, on a Home with an Estimated Market Value of \$560,000



Source: MDE Pay 26 Levy Certification Reports, Dated 11/25/2025. Preliminary data - final levies have not been certified.

NOTE: Shakopee (operating referendum), Eastern Carver County (operating referendum) and Hopkins (bond referendum), all held successful November 2025 elections. These additional levies were not included in the preliminary property tax statements calculated by the respective counties. Estimates were used for the tax impacts of these referendums and are subject to change.

Taxpayer Options

Minnesota Tax Court

- Taxpayers have the right to appeal their property valuation to the local board of appeal and adjustment and County board of appeal and adjustment each spring.
- For Pay 2026, the only option left is to appeal to Minnesota tax court (Open until April 2026)

State Property Tax Refunds & Deferral

Taxpayer Options

- The State of MN has two tax refund programs and one tax deferral program available for owners of homestead property
- These programs may reduce the net tax burden for local taxpayers, but only if you take time to complete and send in the forms
- For help with the forms and instructions:
 - Consult your tax professional
 - Visit the Department of Revenue website at www.revenue.state.mn.us



State Property Tax Refunds & Deferral

Homestead Credit Refund

- Regular Refund
 - You owned and lived in your home on January 2, 2025
 - Your household income for 2024 was less than \$139,320
- Special Refund
 - You owned and lived in the same home on January 2, 2024 & January 2, 2025
 - Your home's net property tax increased by more than 12% from 2024 to 2025
 - The net property tax increase was at least \$100
 - The increase was not due to improvements you made to the property
- Refund is a sliding scale, based on total property taxes and income



State Property Tax Refunds & Deferral

Senior Citizen Property Tax Deferral

- Allows people 65 years of age or older with household income of \$96,000 or less to defer a portion of property taxes on their home
- You have owned and lived in your home for the last 5 years
- Deferred property taxes plus accrued interest (<5%) must be paid when home is sold or homeowner dies
- 3% of your total household income, state pays remainder as a loan



Next Steps

Accept

Board will accept public comments on proposed levy



Certify

Board will certify 2026 property tax levy

Contact Information

School District Specific Tax Levy Questions:

Andrew Adams, Executive Director of Business Services

aadams@edenpr.org

(952) 975-7071

To Appeal your Property Valuation:

MN Tax Court

info@taxcourt.state.mn.us

651-297-8737



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Public
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