

PUBLIC HEARING

Truth and Taxation

Proposed 2022

Property Taxes

South Koochiching-Rainy River

December 8, 2021

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 2022 levy
 - Fiscal year 2022 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*.

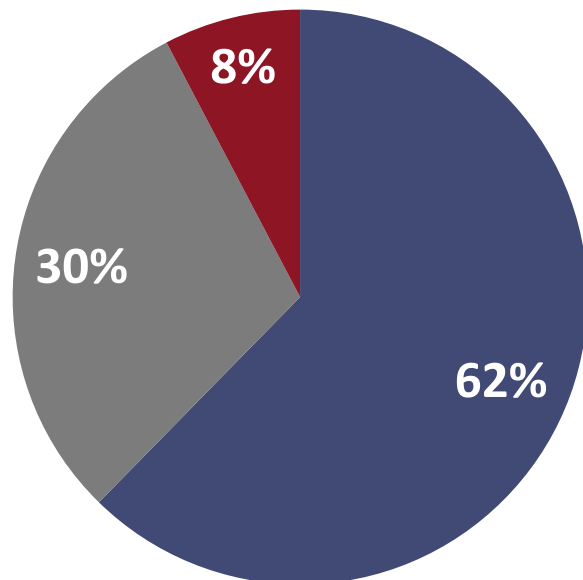
*Certain levies are spread based on Market Value rather than tax capacity.



State Aid Impact

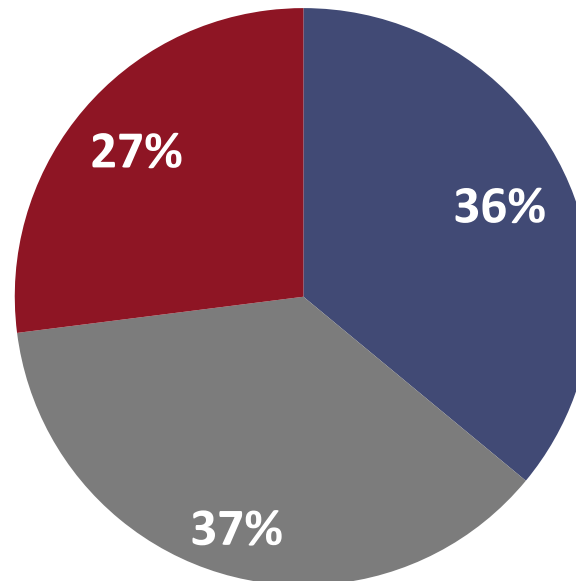
WHO COLLECTS

- State
- Non-Local School
- School District



WHO SPENDS

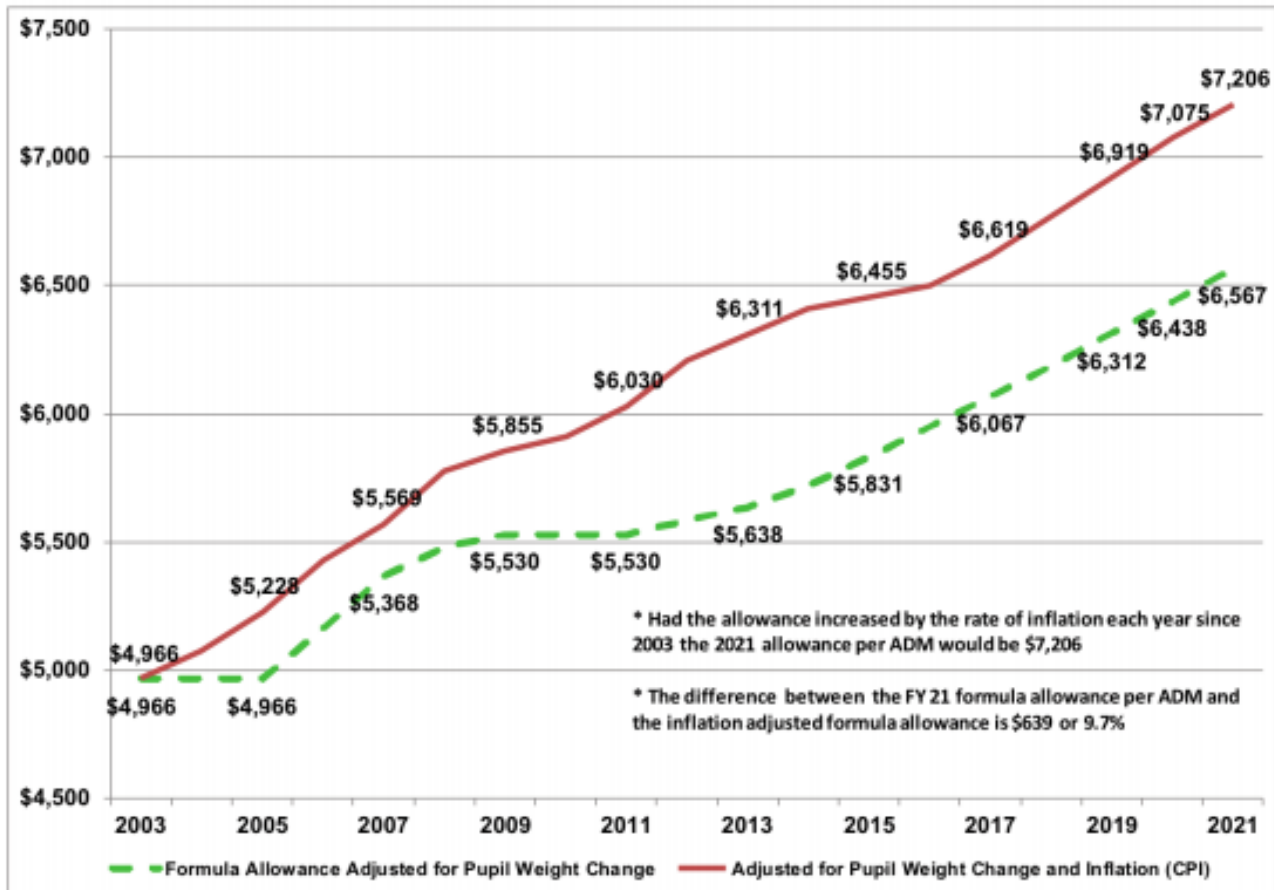
- State
- Non-Local School
- School District



(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



Association of Metropolitan School Districts



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



21-22 School Year Budget

Fund	Revenues	Expenses	Net
General	6,001,706	5,998,329	3,377
Community Education	92,170	92,170	0
General Debt Service	199,740	196,875	2,865
Food Service	281,251	281,251	0
TOTAL	6,574,867	6,568,625	6,242



21-22 School Year Budget

SCHOOL DISTRICT NOTE:

- \$6,574,867 Projected Revenue— included in this, we have a Total Levy of \$531,571 or 12.3% of our overall revenue
- Summer Food Program for the 2021-2022 School Year. Federal Government will reimburse our district for breakfast and lunch
- Basic revenue; general education. Per pupil funding 2021-2022 **\$6,728** and 2022-2023 **\$6,863** an increase of \$135 per pupil unit.



21-22 School Year Budget

- *Impact of Covid-19???

- *Decrease County Con Con/Timber Sales

 - 2019 Revenue \$751,416

 - 2020 Revenue \$490,455

 - 2021 Revenue \$446,075

\$305,341 loss from 2021 to 2019

- *Higher unemployment Costs

- *Increase of subs and “sick days”

- *Increase cost of materials

- *Increase cost of fuel prices



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:

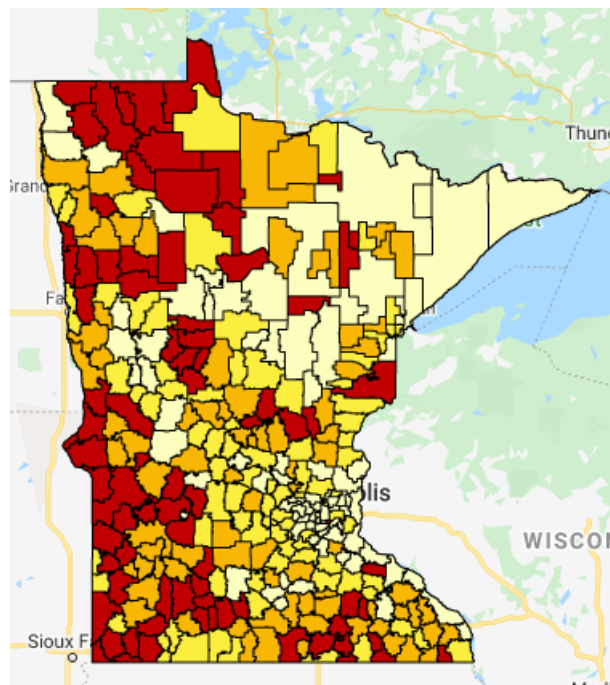
\$ (330,512) per RPU

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 '22 Levy

CERTIFICATION FOR ISD #363

Fund	Pay '21 Levy	Proposed '21 Levy	Percent Change
General	322,666	334,224	+3%
Community Education	14,423	14,164	-1.5%
General Debt Service	199,740	183,181	-8.5%
OPEB Debt Service	0	0	0%
TOTAL	536,829	531,571	.09%



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
- 21-22 Local Optional Revenue \$724 Max \$724
- 21-22 LOR Revenue \$226,117



Levy Comparison

- 19-20 Total Levy \$571,824.31
- 20-21 Total Levy \$536,829
- 21-22 Total Levy \$531,571
- Levy Reduction of \$5,258
- Levy Reduction of .09%



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

218-897-5275 Ext 153



ISD #363 Truth and Taxation

