

PUBLIC HEARING

2024-25 Budget
& Proposed 2025
Property Taxes

South Koochiching-Rainy River ISD 363

December 11, 2024

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '25
- Putting it All Together and Questions



Big Picture



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 2025 levy
 - Fiscal year 2025 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*.

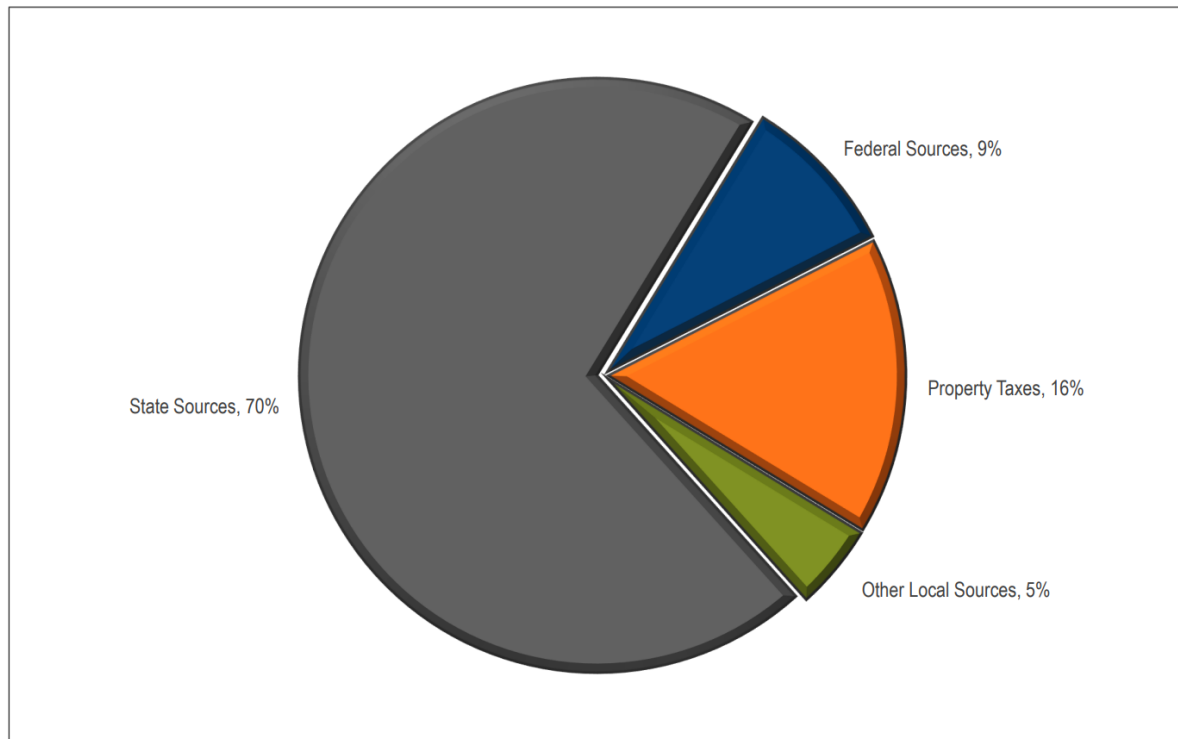
*Certain levies are spread based on Market Value rather than tax capacity.



Sources of General Funds Across the State

Sources of Funds - General Fund

Fiscal Year 2022-23

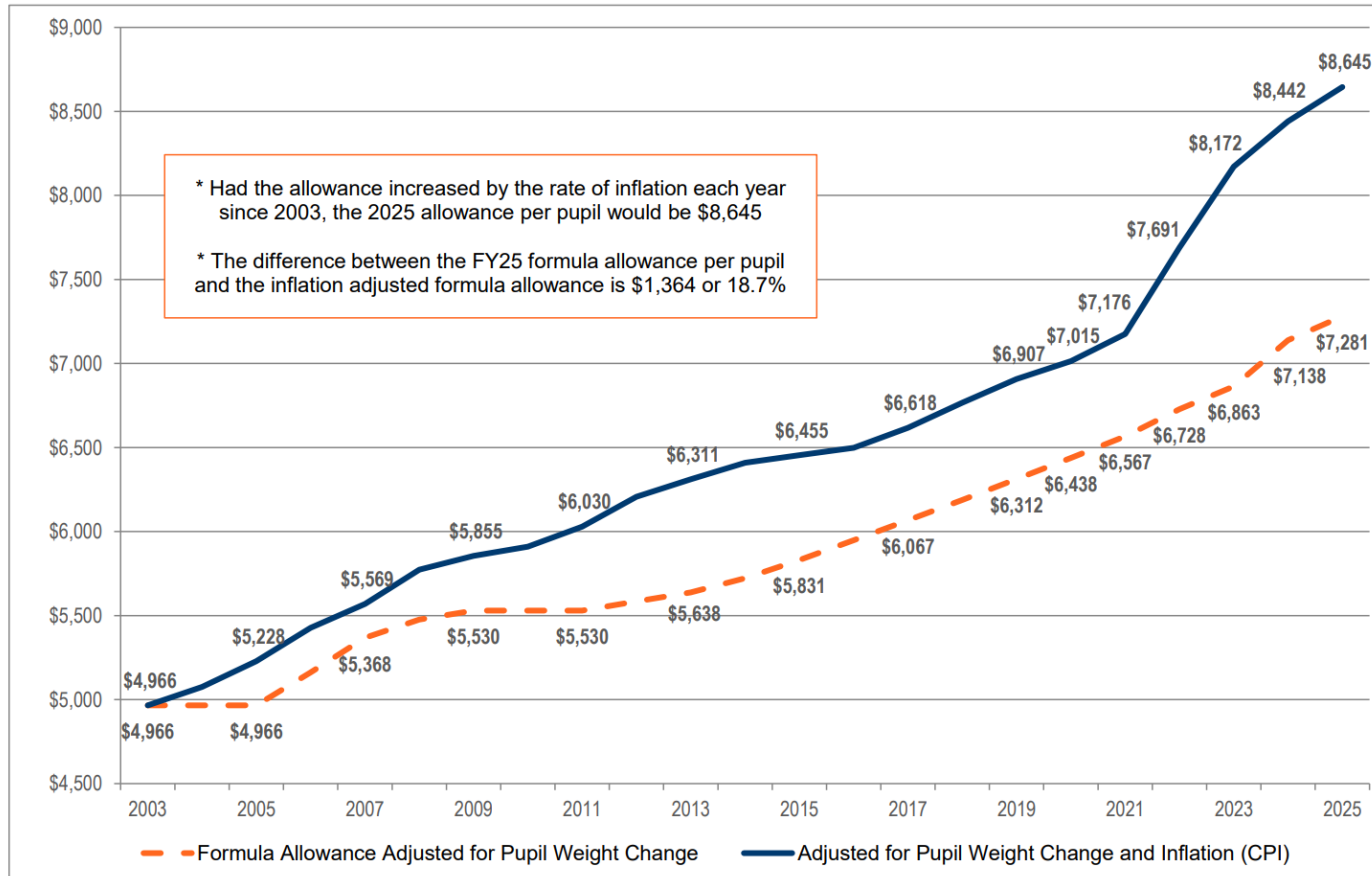


Source: MDE 2023 Consolidated Financial Report, most recent available Statewide data



Funding will trail inflation by \$1,364 per pupil in FY25

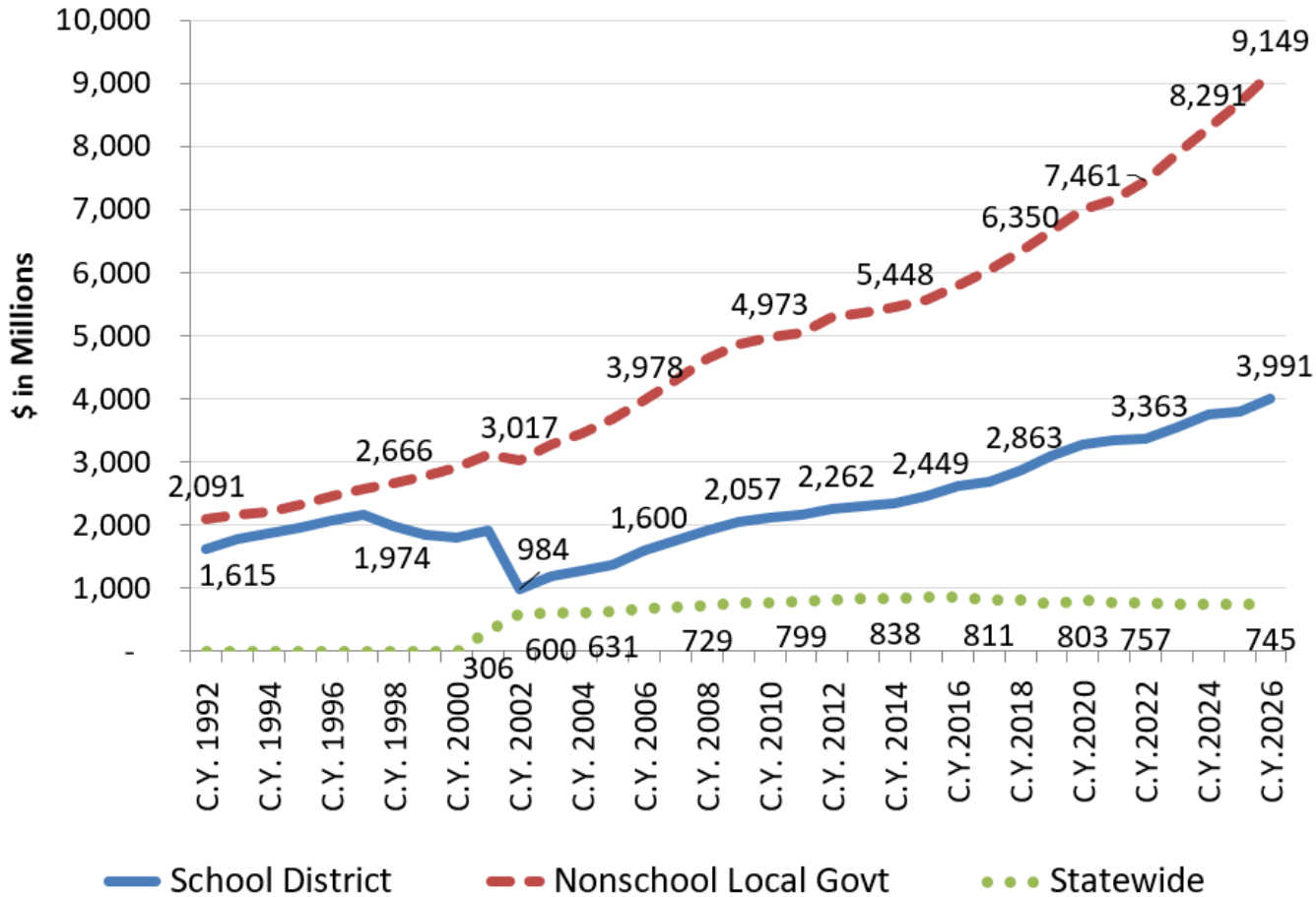
General Education Formula Allowance, 2003-2025
Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2024 Inflation Estimates and Minnesota Laws 2023



Property Tax Levies: School vs Non School Payable 1992-2026



24-25 School Year Budget

Fund	Revenues	Expenses	Net
General	5,427,181	6,086,650	-659,469
Food Service	187,454	187,454	0
Community Education	51,088	51,088	0
General Debt Service	273,335	248,700	24,635
OPEB Debt Service	20,000	20,000	0
Other			
TOTAL	5,959,058	6,593,892	-634,834



24-25 School Year Budget

SCHOOL DISTRICT NOTE:

- Total Levy of \$492,509.72 is roughly 9% of the total revenue in the 24-25 budget.
- We have included a parking lot project in our 24-25 expenditure budget for \$600,000. This would need to be approved by the school board.



Property Classifications and Value



Tax Statement

2025

2024 Values for Taxes Payable in

Know Your Valuation

- Property classification and market value
- Sent Spring 2024; cannot change value
- Watch for 2025 statement in SPRING and where to appeal

Values and Classification			
Taxes Payable Year:		2024	2025
Step 1	Estimated Market Value:	\$141,100	\$143,000
	Homestead Exclusion:	\$24,541	\$33,680
	Taxable Market Value:	\$116,559	\$109,320
	New Improvements:	\$0	\$0
	Property Classification:	RES HMSTD	RES HMSTD
Sent in March 2024			
Step 2	Proposed Tax		
	Proposed Tax:		\$1,570
Sent in November 2024			
Step 3	Property Tax Statement		
	First-half Taxes:		\$777.13
	Second-half Taxes:		\$777.13
	Total Taxes Due in 2024:		\$1,554.26

Effective Tax Rates

Property Classification	2024 Estimate
Farm	0.48%
Seasonal Rec	0.79%
Residential Homestead	1.14%
Apartment	1.43%
Public Utility	2.50%
Commercial-Industrial	2.59%

Source: Jared Swanson House Research



Share of Tax Liability

Property Classification	Market Value Share (2023 Assessment)	Share of Net Taxes (Payable in 2024)
Farms	18.9%	6.8%
Seasonal Rec Residential	4.2%	2.6%
Commercial and Industrial	12.7%	28.8%
Residential Homes	57.7%	54.2%
Other Residential	6.5%	7.7%

Source: Jared Swanson House Legislative Analyst



Ag2School 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 2025
- The revenue for Ag2School comes from state income, sales and other tax revenue



Pay 2025

70% Ag Tax Credit on Bonds

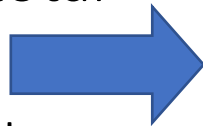
Payable Year	Percent Increase	Total Credit Percent
2022	5%	60%
2023	10%	70%
2024	0%	70%
2025	0%	70%



Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report



Tax Detail for Your Property:

Taxes Payable Year:	2024	2025
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	
Property Tax and Credits		
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
Property Tax by Jurisdiction		
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



ISD #363 Levy Comparison '23-'25

- Pay '23 \$599,997
- Pay '24 \$421,447
- Pay '25 \$492,509

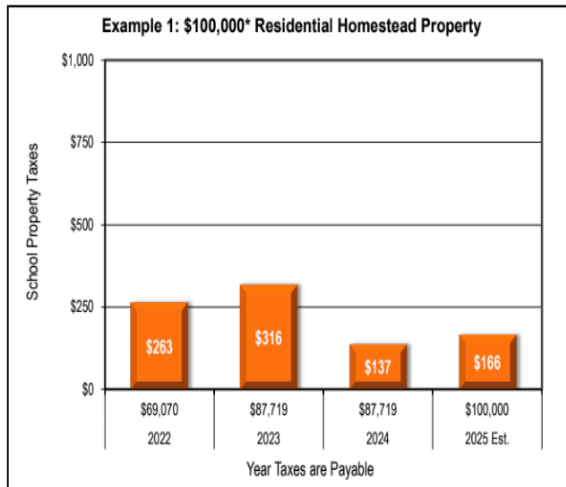


22-25 Property Tax Changes

South Koochiching School District

Estimated Changes in School Property Taxes, 2022 to 2025

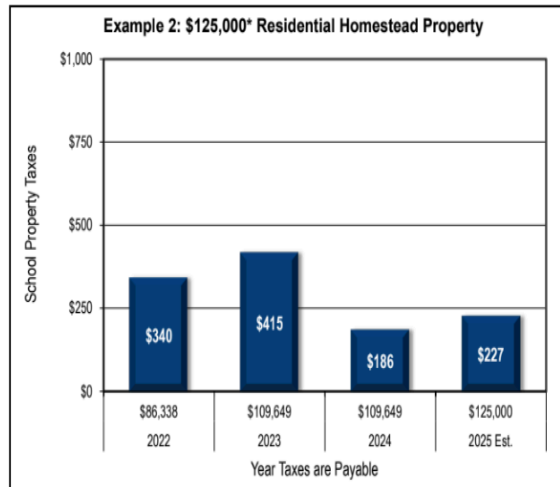
Based on 44.8% Cumulative Changes in Property Value from 2022 to 2025 Taxes



South Koochiching School District

Estimated Changes in School Property Taxes, 2022 to 2025

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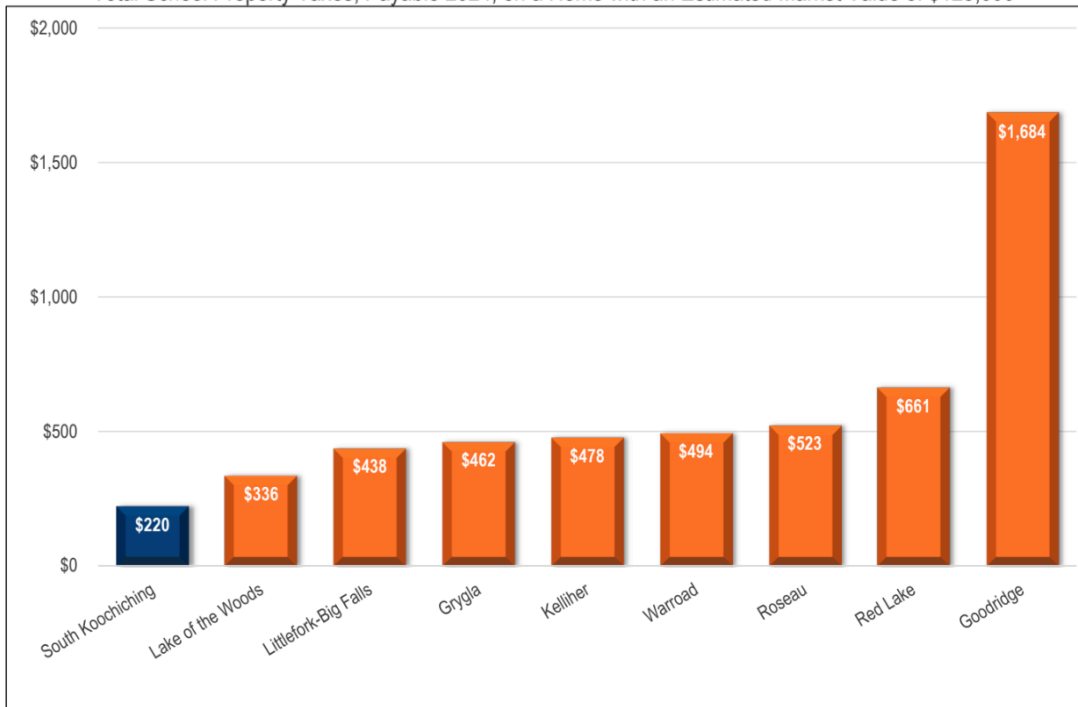
* Estimated market value for taxes payable in 2025. Taxes are calculated based on changes in market value of 27.0% from 2022 to 2023, 0.0% from 2023 to 2024 and 14.0% from 2024 to 2025.



District Comparison

South Koochiching School District

Total School Property Taxes, Payable 2024, on a Home with an Estimated Market Value of \$125,000



Source: Pay 2024 School Tax Report



Koochiching County Comparison 24-25

Levy Information

Taxing Authority	2024 Actual	2025 Proposed	Percent Change
Koochiching County	6,513,600	8,153,893	25.18%
Big Falls	60,000	60,000	0.00%
International Falls	3,920,911	4,234,565	8.00%
Littlefork	125,210	166,470	32.95%
Mizpah	1,750	1,750	0.00%
Northome	63,000	65,000	3.17%
Ranier	275,400	290,000	5.30%
Falls School District	3,013,024	4,408,080	46.30%
Littlefork-Big Falls School District	730,117	880,627	20.60%
South Koochiching-Rainy River School District	421,447	492,510	16.86%

South Koochiching School District No.363

November 26, 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
RMV-Based Levies	\$34,188	\$46,300	\$12,112	35.43%
NTC-Debt Service	\$222,674	\$215,565	-\$7,109	-3.19%
Other NTC-Based Levies	\$164,585	\$230,644	\$66,060	40.14%
Totals	\$421,447	\$492,510	\$71,062	16.86%

Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes *			
Residential Homestead	\$75,000	\$109	\$121	\$12	11.0%
	100,000	164	166	2	1.2%
	125,000	220	227	7	3.2%
	150,000	276	289	13	4.7%
	175,000	332	350	18	5.4%
	200,000	388	412	24	6.2%
	225,000	444	473	29	6.5%
	250,000	500	535	35	7.0%
	300,000	612	658	46	7.5%
	500,000	1,047	1,150	103	9.8%
1,000,000	2,295	2,523	228	9.9%	
Commercial/ Industrial	\$100,000	\$290	\$317	\$27	9.3%
	250,000	805	880	75	9.3%
	500,000	1,730	1,889	159	9.2%
	750,000	2,655	2,898	243	9.2%
	1,000,000	3,580	3,908	328	9.2%
Agricultural Homestead (dollars per acre) **	\$1,000	\$0.48	\$0.57	\$0.09	18.8%
	2,000	0.96	1.15	0.19	19.8%
	3,000	1.44	1.72	0.28	19.4%
Agricultural Non-Homestead (dollars per acre) **	\$1,000	\$0.96	\$1.15	\$0.19	19.8%
	2,000	1.92	2.29	0.37	19.3%
	3,000	2.88	3.44	0.56	19.4%
Seasonal Recreational Residential	100,000	\$161	\$173	\$12	7.5%
	200,000	321	346	25	7.8%
	300,000	482	519	37	7.7%
	400,000	643	693	50	7.8%
	500,000	803	866	63	7.8%
	500,000	803	866	63	7.8%
	600,000	1,004	1,082	78	7.8%

School Factors Affecting Pay '25 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

How does our district compare in Operating Referendum Revenue?

MREA Maps

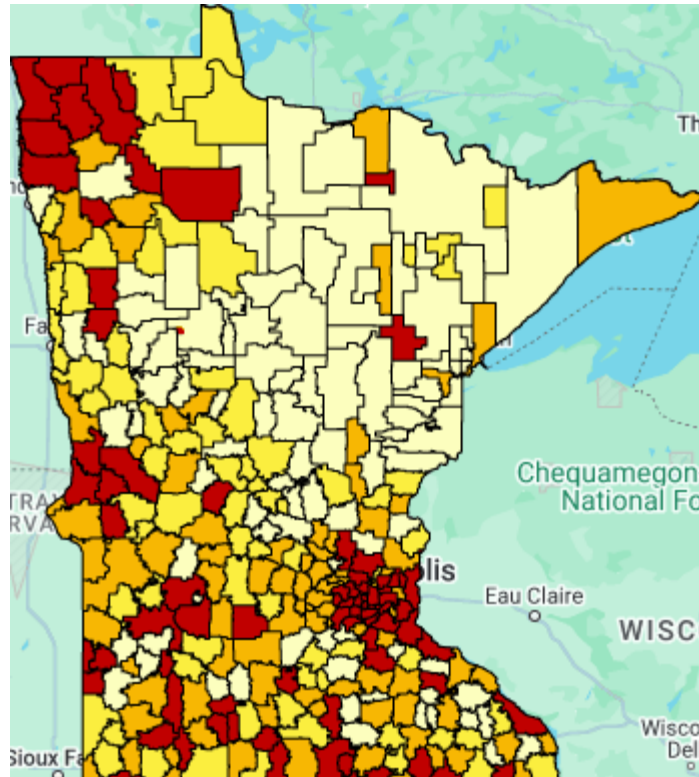
Our District:

\$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



Property Wealth Picture

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

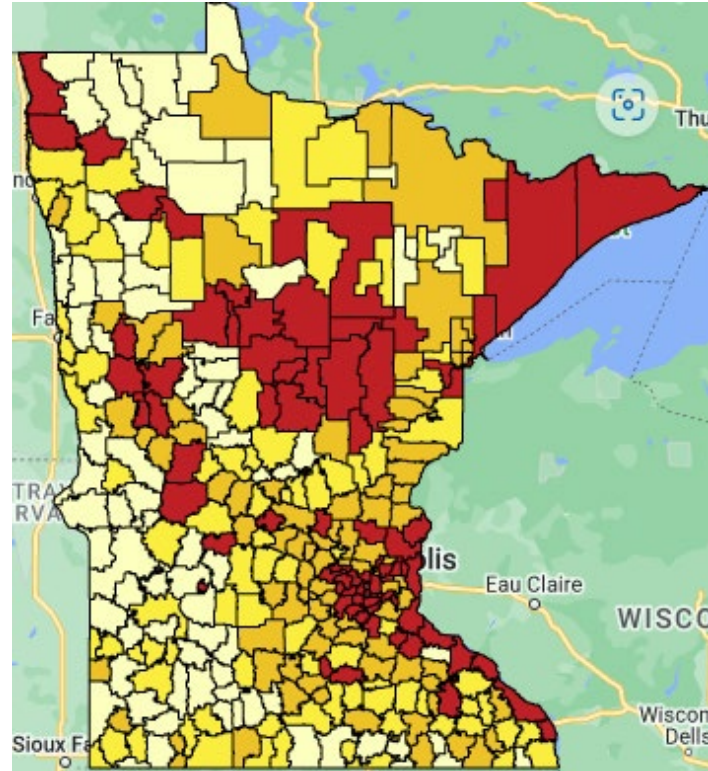
MREA Maps

Our District:

\$376,098 per RPU

Median District:

\$601,021/RPU



Referendum Market Value (RMV) per Resident Pupil Unit (RPU) in FY25

- Lowest RMV/RPU
- Below the Median of \$601,020
- Above the Median of \$601,020
- Highest RMV/RPU



Putting it All Together



Proposed Pay '25 Levy

CERTIFICATION FOR South Koochiching-Rainy River

Fund	Pay '25 Levy	Increase/ (Decrease) Pay '24	Percent Change
General	268,464	190,797	
Community Education	8,480	7,975	
General Debt Service	215,565	222,674	
OPEB Debt Service	-	-	
TOTAL	492,509	421,447	16.86%



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor Joan Nelson

715 4th ST

International Falls, MN 56649

Auditor's Office Phone: 218-283-1102

Treasurer's Office: 218-283-1102

Superintendent Jeremy Tammi

218-897-5275 Ext 153



QUESTIONS?
THANK YOU.

