

PUBLIC HEARING

**2023-24 Budget
& Proposed 2024
Property Taxes**

GREENBUSH-MIDDLE RIVER SCHOOL

December 18, 2023

Resources provided by



TODAY'S AGENDA

Factors Affecting Taxes

- Your Property Classification and Value
- School District Factors Affecting Pay '24
- Questions



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 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 2024 levy
 - Fiscal year 2024 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?

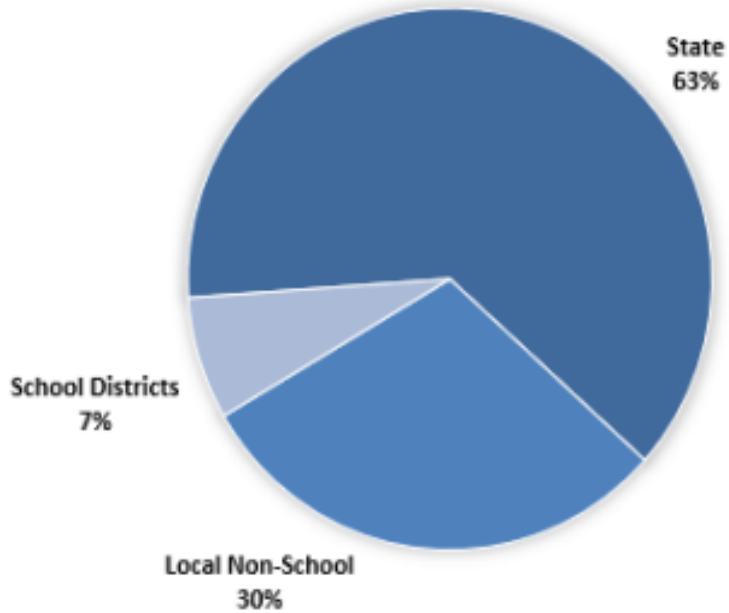
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel 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.

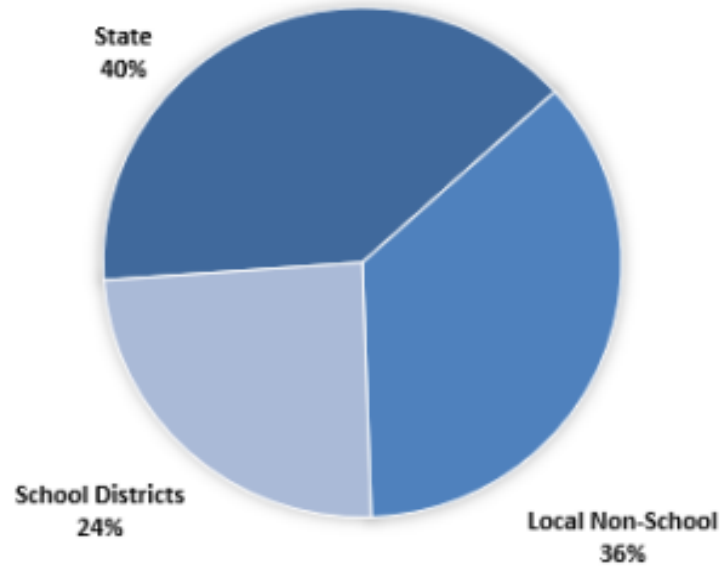


State Aid Impact

WHO COLLECTS?



WHO SPENDS?

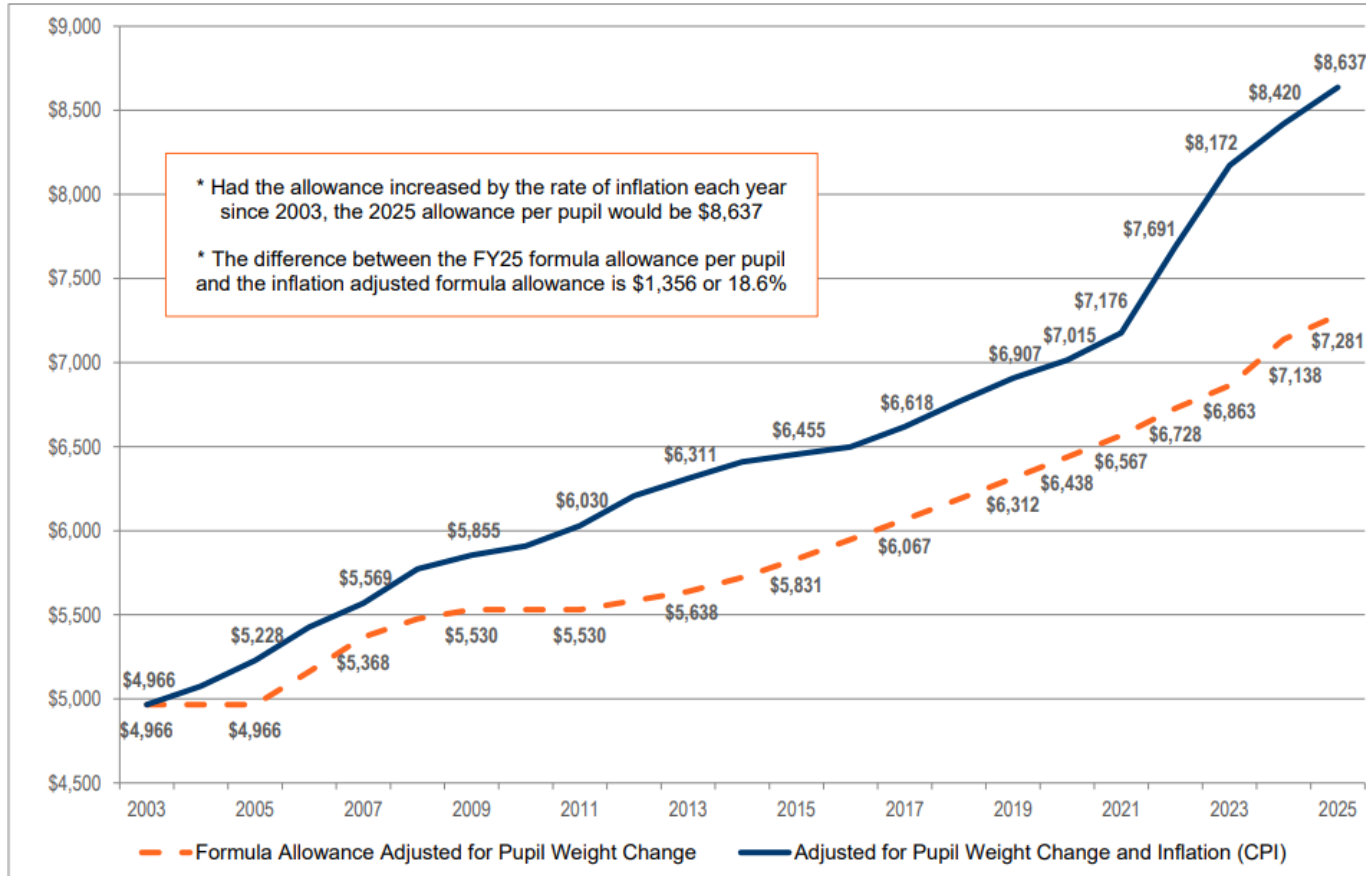


(Data source, MN Department of Management and Budget-Price of Government, 2023)



General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



* Had the allowance increased by the rate of inflation each year since 2003, the 2025 allowance per pupil would be \$8,637

* The difference between the FY25 formula allowance per pupil and the inflation adjusted formula allowance is \$1,356 or 18.6%

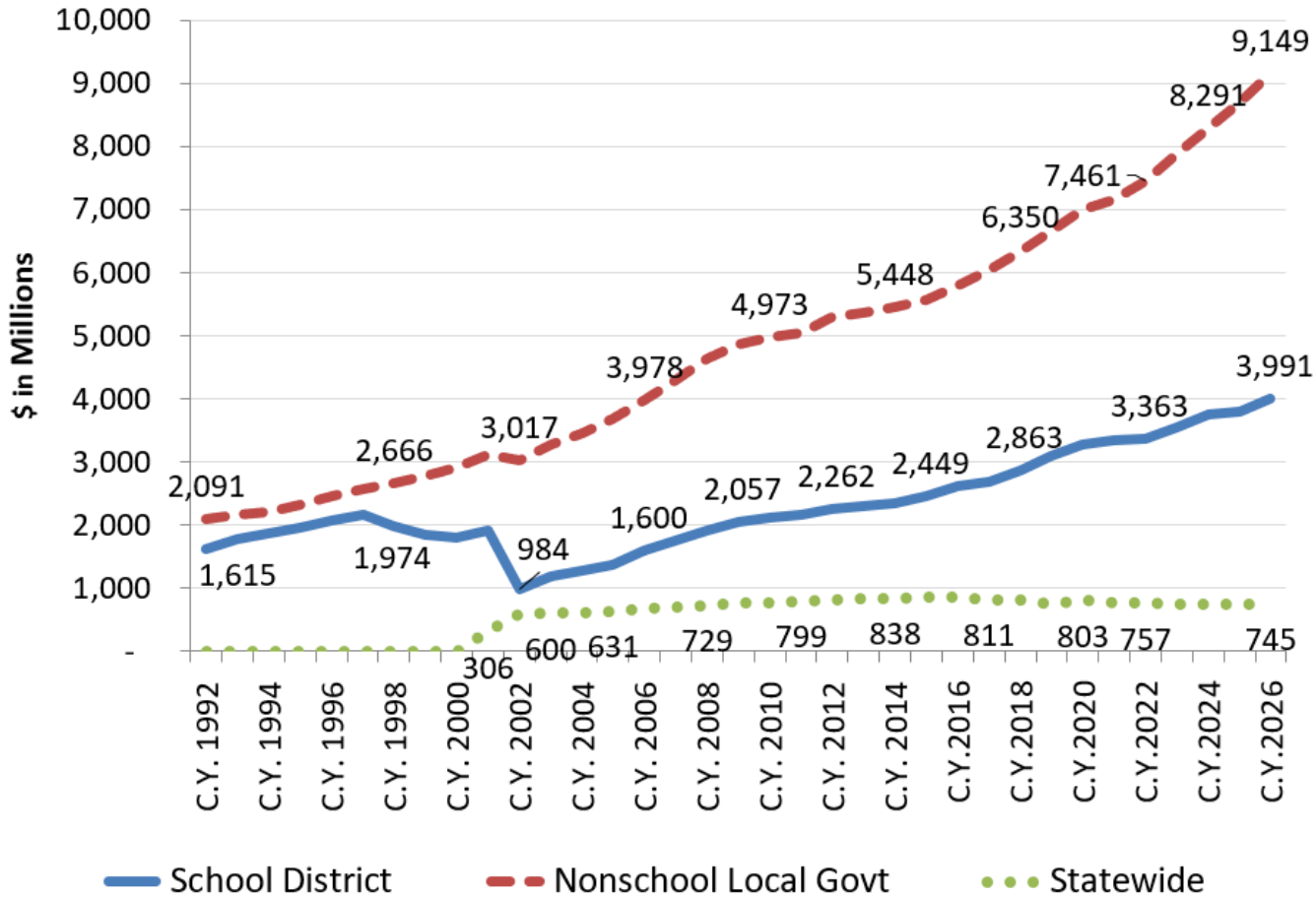
Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



Funding will trail inflation by **\$1,282 per pupil** in FY24 and **\$1,356 per pupil** in FY25



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



Six School Finance Funds

All Minnesota School District budgets are divided in separate funds, by law:

01 General Fund

02 Food Service

04 Community Service

06 Building Construction (Capital)

07 Debt Service

09 Trust & Agency



23-24 School Year Budget

Fund	Revenues	Expenses	Net
General	4,022,915	4,353,370	-330,455
Food Service	182,550	195,346	-12,796
Community Education	62,673	28,264	34,409
General Debt Service	59,438	65,938	-6,500
Scholarships	1,300	1,300	0
Student Activity	148,191	148,091	100
TOTAL	4,477,067	4,791,309	-314,242



23-24 School Year Budget

- The 2023-2024 Budget reflects a rollover estimate of revenues and expenditures from 2022-2023 revised budget.
- 2023-2024 budget will need to be revised after the district completes negotiations with licensed teachers to reflect the adjustments in salaries and benefits for 2023-2024.
- The 2023-2024 budget will need to reflect any estimated additional costs associated with the new law of Earned Sick and Safe Time for qualifying employees working at least 80 hours per year.
- The 2023-2024 budget will need to reflect estimated additional costs associated with summer unemployment benefits for qualifying seasonal employees.
- The 2023-2024 budget reflects a deficit reduction plan approved by the school board in March 2021. Estimated reductions at that time of \$451,000 were implemented effective July 1, 2021.
- The 2023-2024 budget reflects a Fall 2021 voter approved referendum.
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PROPOSED TAXES 2024

THIS IS NOT A BILL. DO NOT PAY.

Know Your Valuation

- Property classification and market value
- Sent Spring 2023; cannot change value
- Watch for 2024 statement in SPRING and where to appeal

Step	VALUES AND CLASSIFICATION		
	Taxes Payable Year	2023	2024
1	Estimated Market Value	\$125,000	\$150,000
	Homestead Exclusion	\$	\$23,800
	Taxable Market Value	\$125,000	\$126,200
	Class	Res NHmstd	Res Hmstd
Step 2	PROPOSED TAX		
	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
	Property Taxes after credits	\$1,467.52	
Step 3	PROPERTY TAX STATEMENT		
	Coming in 2024		
The time to provide feedback on PROPOSED LEVIES is NOW			
It is too late to appeal your value without going to Tax Court.			

Effective Tax Rates

Property Classification	2023 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 (2022 Assessment)	Share of Net Taxes (Payable in 2023)
Farms	16.7%	6.4%
Seasonal Rec Residential	4.1%	2.6%
Commercial and Industrial	12.8%	29.4%
Residential Homes	59.8%	54.2%
Other Residential	6.6%	7.6%

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 2024
- The revenue for Ag2School comes from state income, sales and other tax revenue



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

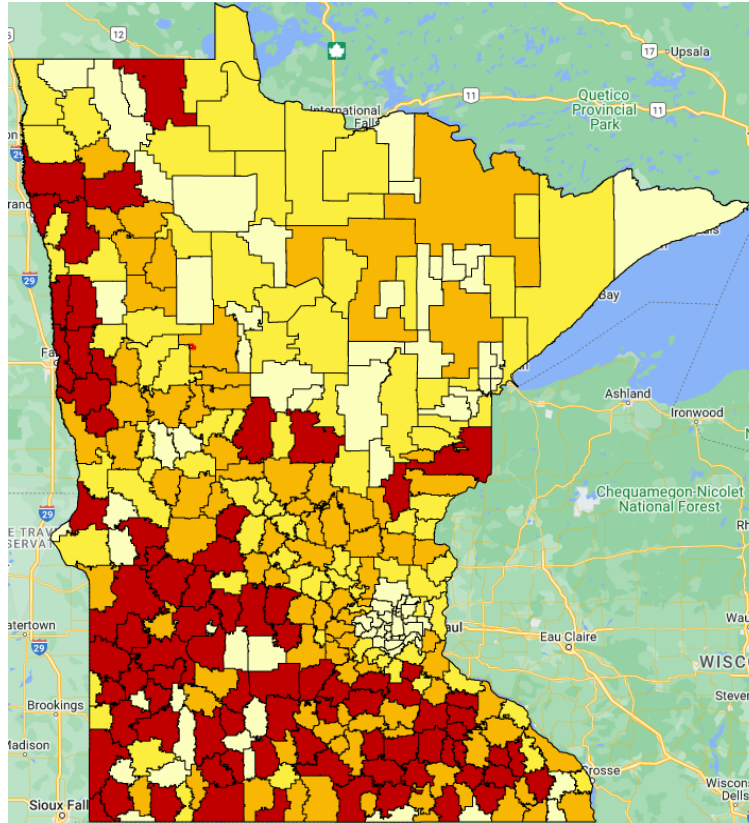
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Ag2School in Pay 2023

How does our school district compare in total Ag2School credit?

[MNREA Maps \(mreavoice.org\)](http://mreavoice.org)



70% Ag2School Total Bond Credit Forecasted Pay 23

- Smallest quartile < \$50,224
- Below Median < \$167,051
- Above Median > \$167,051
- Largest quartile > \$353,663



EQUALIZATION FACTORS FOR LOR & Operating Referendums

	LOR & Referendum Allowance Levels	Equalizing Factors
Tier 1 LOR	Up to \$300/pupil	\$880,000/RPU
Tier 2 LOR	\$300 up to \$724/pupil	\$587,244/RPU
Tier 1 Op Ref	Up to \$460/pupil	\$567,000/RPU
Tier 2 Op Ref	\$460 up to \$1,520.25/pupil	\$290,000/RPU

Ag Land and Seasonal Rec Properties are exempt from Op Ref and LOR 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?

[MNREA Maps \(mreavoice.org\)](http://mreavoice.org)

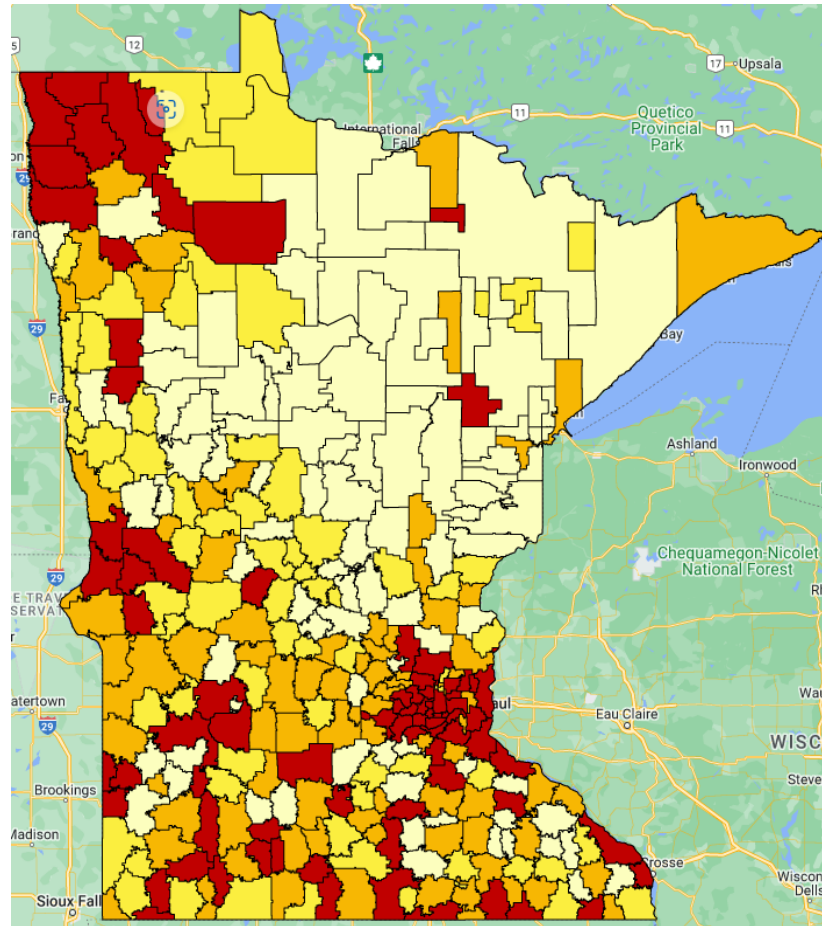
Our District:

\$1,206.00 per APU

Median district: \$504

Upper Quartile of Referendums > \$1038

94 districts: \$0



District Operating Referendum per APU FY24

- No Operating Referendum
- Below District Median of \$504/Pupil
- Above District Median of \$504/Pupil
- Well Above Median/Pupil



Property Wealth Picture

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

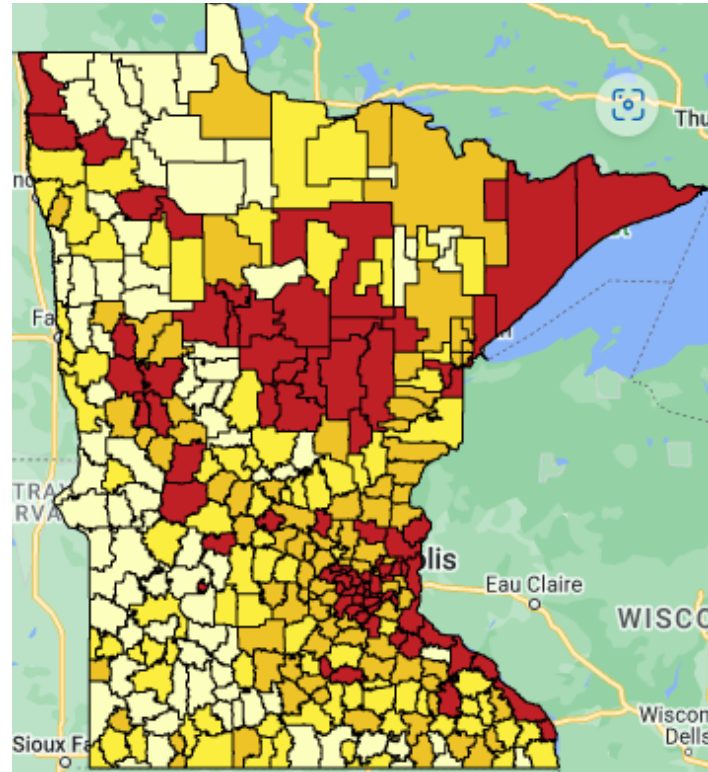
[MNREA Maps](http://mnrea.com)
[\(mreavoice.org\)](http://mreavoice.org)

Our District:

\$447,722 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



Long-Term Facility Maintenance

Included in School Property Taxes for Pay '24

- School Board and MDE approved 10-year facility maintenance plan, including:
 - \$6,594 Environmental Health & Safety Mgmt
 - \$8,729 Other Hazardous Materials
- LTFM Revenue: \$ 151,828.28
 - State share (Aid): \$ 20,591.18
 - Local share (levy): \$ 131,237.10
- Reflected in “Proposed Property Tax Notice” under “Other Levies”



Proposed Pay '24 Levy

CERTIFICATION FOR GREENBUSH MIDDLE RIVER SCHOOLS

Fund	Pay '24 Levy	Increase/ (Decrease) Pay '23	Percent Change
General	583,144	69,981	13.64
Community Education	24,565	-5,851	-19.24
General Debt Service	79,057	-620	-.78
OPEB Debt Service	0	0	0
TOTAL	686,768	63,510	10.19

Ag2School 70% Credit offsets the General Debt Service Levy for famers and timber landowners



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

Roseau County Auditor: 218 463 1282

Kittson County Auditor: 218 843 3499

Marshall County Auditor: 218 745 4851

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Greenbush Middle River Schools

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QUESTIONS?
THANK YOU.

