

PUBLIC HEARING

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

**South Koochiching-Rainy River ISD #363**

*December 15, 2023*

*Resources provided by*



## TODAY'S AGENDA

# Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '24
- Putting it All Together and 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



# How is my property tax determined?

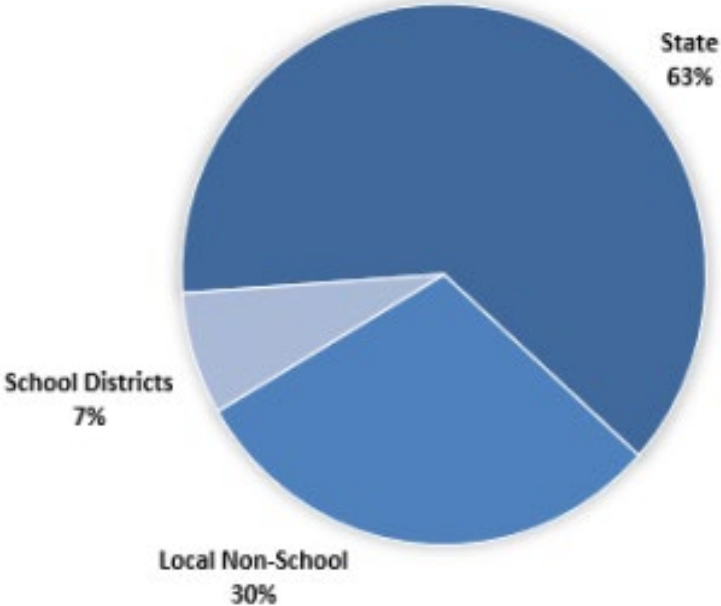
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel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

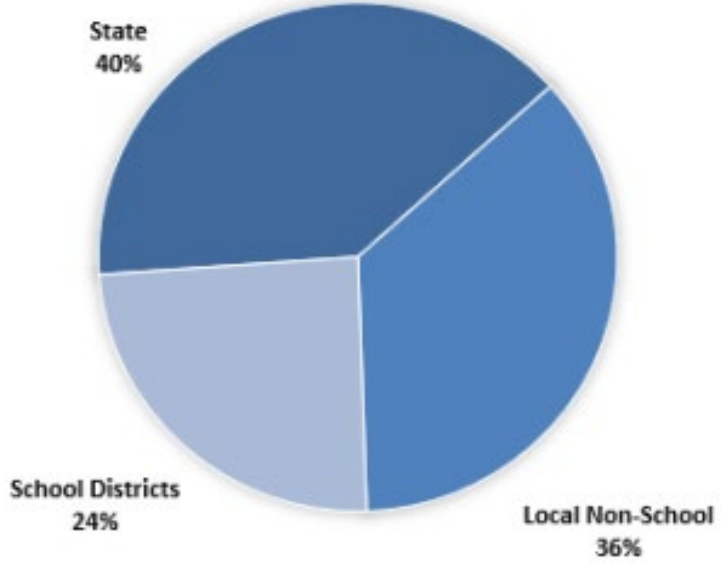


# State Aid Impact

WHO COLLECTS?



WHO SPENDS?

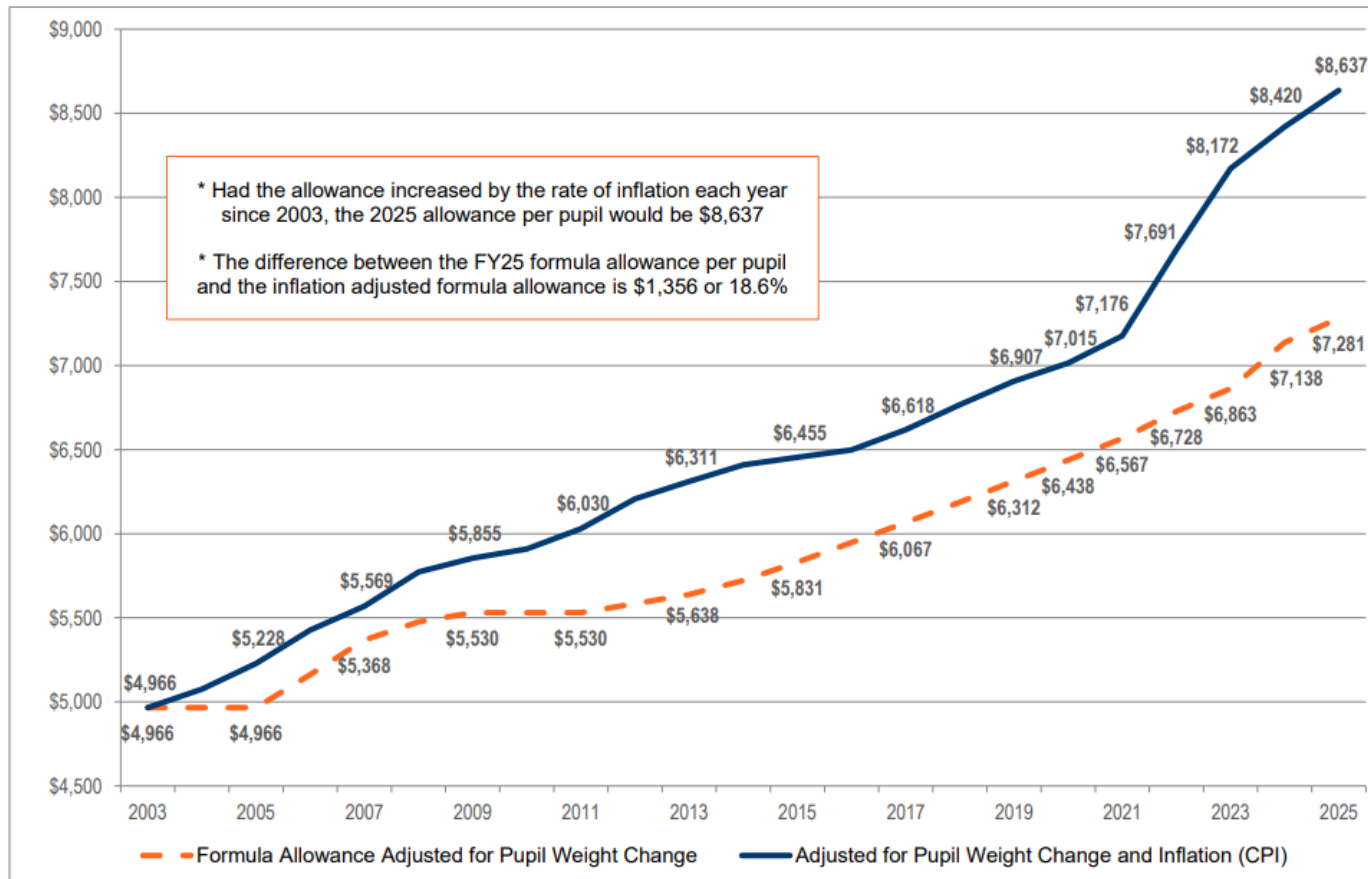


(Data source, MN Department of Management and Budget-Price of Government, 2023)



# General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



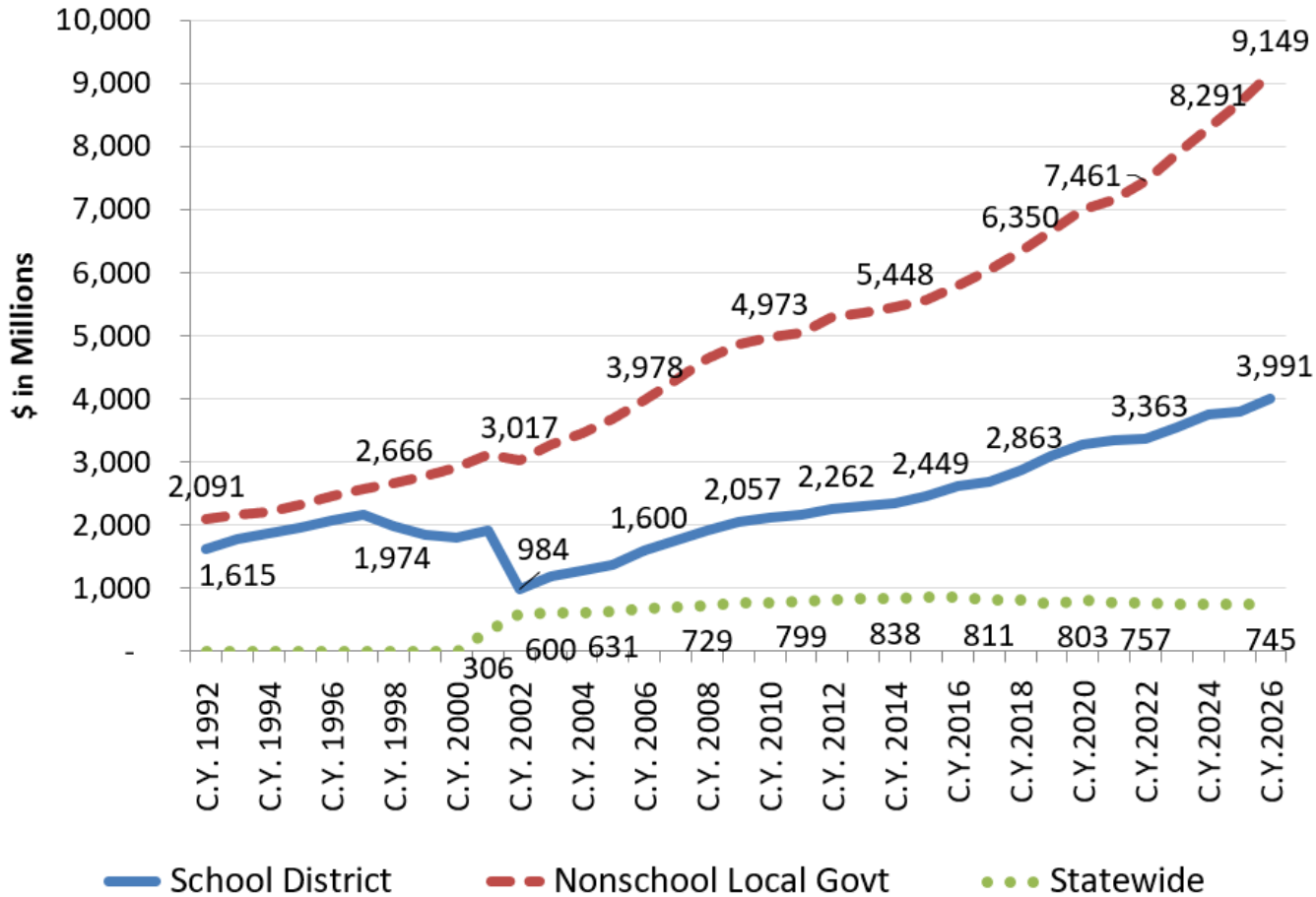
Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023



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



# 23-24 School Year Budget

Fund	Revenues	Expenses	Net
General	5.197 mil	4.85 mil	346,705
Food Service	153,910	153,910	0
Community Education	46,058	46,058	0
General Debt Service	185,411	246,900	-61,489
Trust & Agency	20,000	20,000	0
Other			
<b>TOTAL</b>			<b>285,216</b>





# Property Classifications and Value



# 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	<b>PROPOSED TAX</b>		
	Property Taxes before credits	\$1,479.52	
	School building bond credit	\$ 12.00	
	Agricultural market value credit		
	Other credits		
Property Taxes after credits		<u>\$1,467.52</u>	
Step 3	<b>PROPERTY TAX STATEMENT</b>		
	Coming in 2024		
<b>The time to provide feedback on PROPOSED LEVIES is NOW</b>			
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



Pay 2024

# 70% Ag Tax Credit on Bonds

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

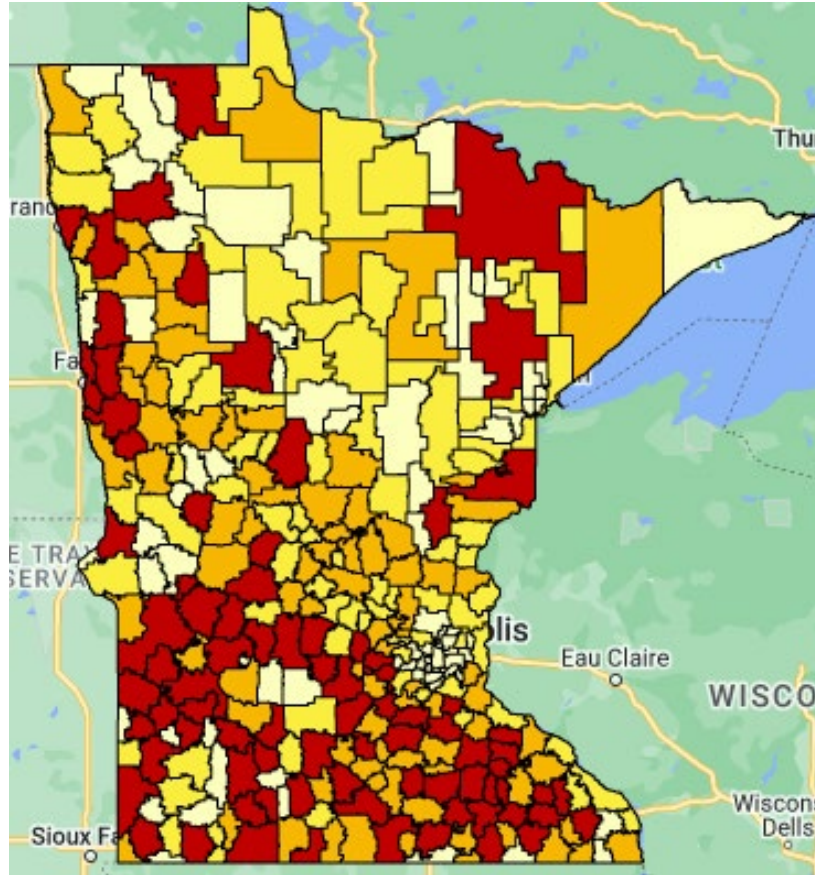
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# Ag2School in Pay 2023

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





# School Factors Affecting Pay '23 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

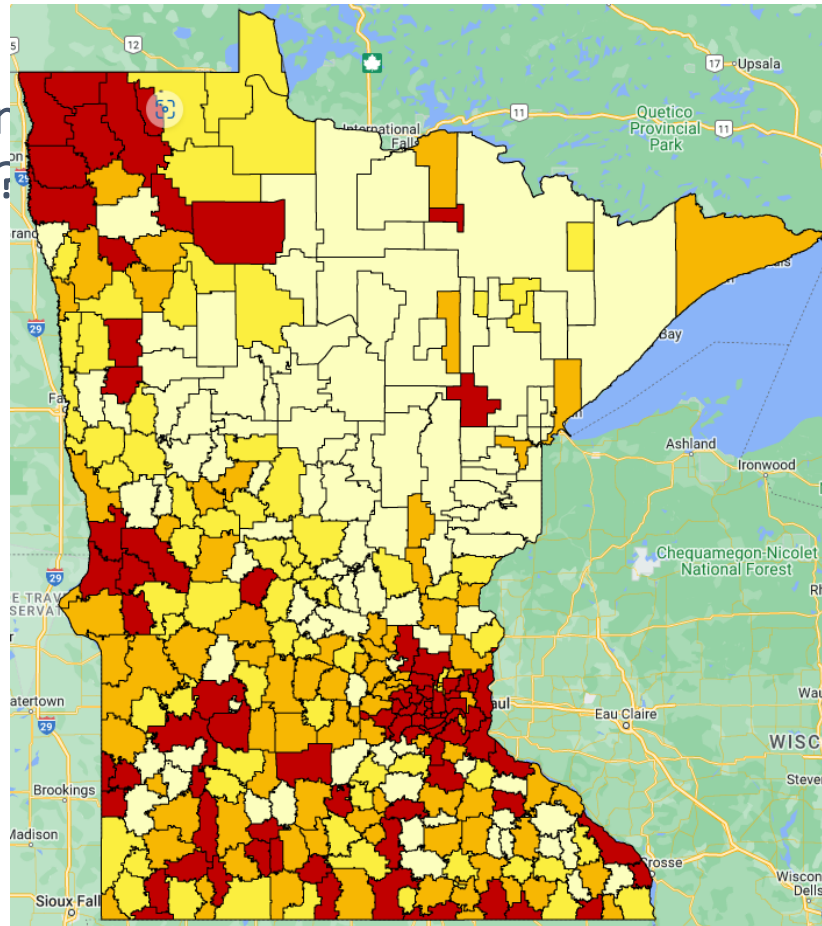
How does our district compare in Operating Referendum Revenue?  
[MNREA Maps \(mreavoice.org\)](http://MNREA Maps (mreavoice.org))

**Our District:**  
\$0 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?

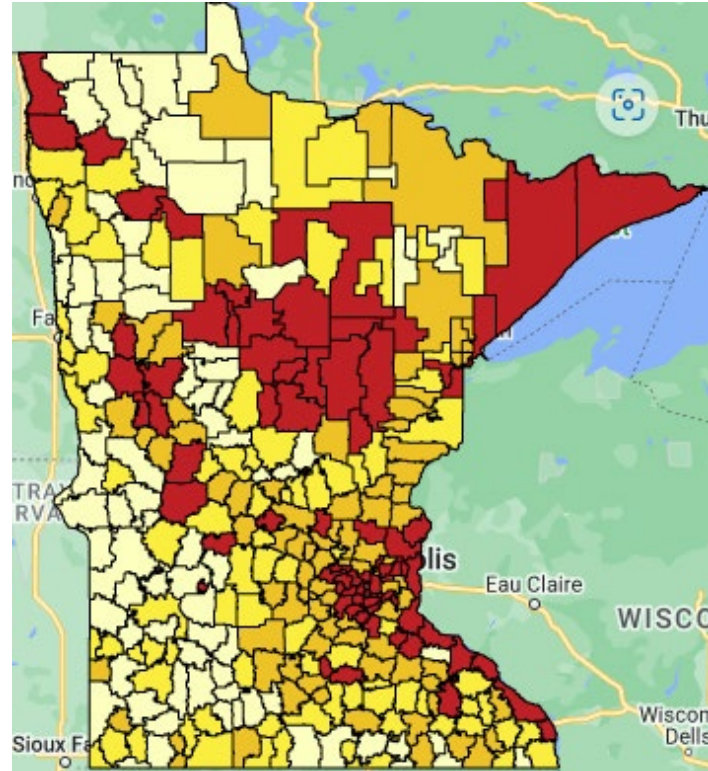
[MNREA Maps](http://mnrea.com)  
[mreavoice.org](http://mreavoice.org)

**Our District:**

\$ (603,312) 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 '24 Levy

CERTIFICATION FOR (DISTRICT NAME)

Fund	Pay '24 Levy	Pay '23	Percent Change
General	190,797	400,384	-52.35%
Community Education	7,975	14,201	-43.84%
General Debt Service	222,674	185,411	20.10%
TOTAL	421,447	599,997	-29.76

Ag2School 70% Credit of \$XXXXX offsets the General Debt Service Levy for famers and timber landowners



# More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

Joan Nelson Koochiching County Auditor

Auditor's Office Phone: 218-283-1102

School District Contact

Jeremy Tammi Superintendent

(218) 897-5275 Ext 153



QUESTIONS?  
THANK YOU.

