



School District 622

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Public Hearing for Taxes Payable 2025 (Truth in Taxation)

**School Board Meeting
December 17, 2024**

*Presented by: Josh Anderson,
Director of Finance & Technology*

Minnesota State Law Requirements

Public Meeting

- Between November 25th & December 30th
- At 6 p.m. or later
- May be part of a regularly scheduled meeting
- Must allow for public comment
- May adopt final levy at same meeting

Presentation

- Current year budget
- Proposed property tax levy



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Hearing Agenda



**Background
Information
on School
Funding**



**District's
Budget**



**Proposed
Pay 25 Tax
Levy**



**Public
Comment**



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Funding in Minnesota is highly regulated

State Sets:

- Formulas which determine revenue; most revenue based on specified amounts per pupil
- Tax policy for local schools
- Maximum authorized property tax levy
 - *Districts can levy less, but not more than amount authorized by state, unless approved by voters in November*

State also authorizes school boards to submit referendums for operating & capital needs to voters for approval.



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Basic General Education Formula

- Since 2002-03, state General Education Revenue formula has not kept pace with inflation.
- For Fiscal Year 2023-24, an increase of 4.00% or \$275 over previous year was approved.
- For Fiscal Year 2024-25, an increase of 2.00% or \$143 over previous year was approved.

Per-pupil allowance for Fiscal Year 2024-25 of \$7,281 would need to increase by another \$1,356 (18.6%) to have kept pace with inflation since 2002-03, resulting in an allowance of \$8,637.



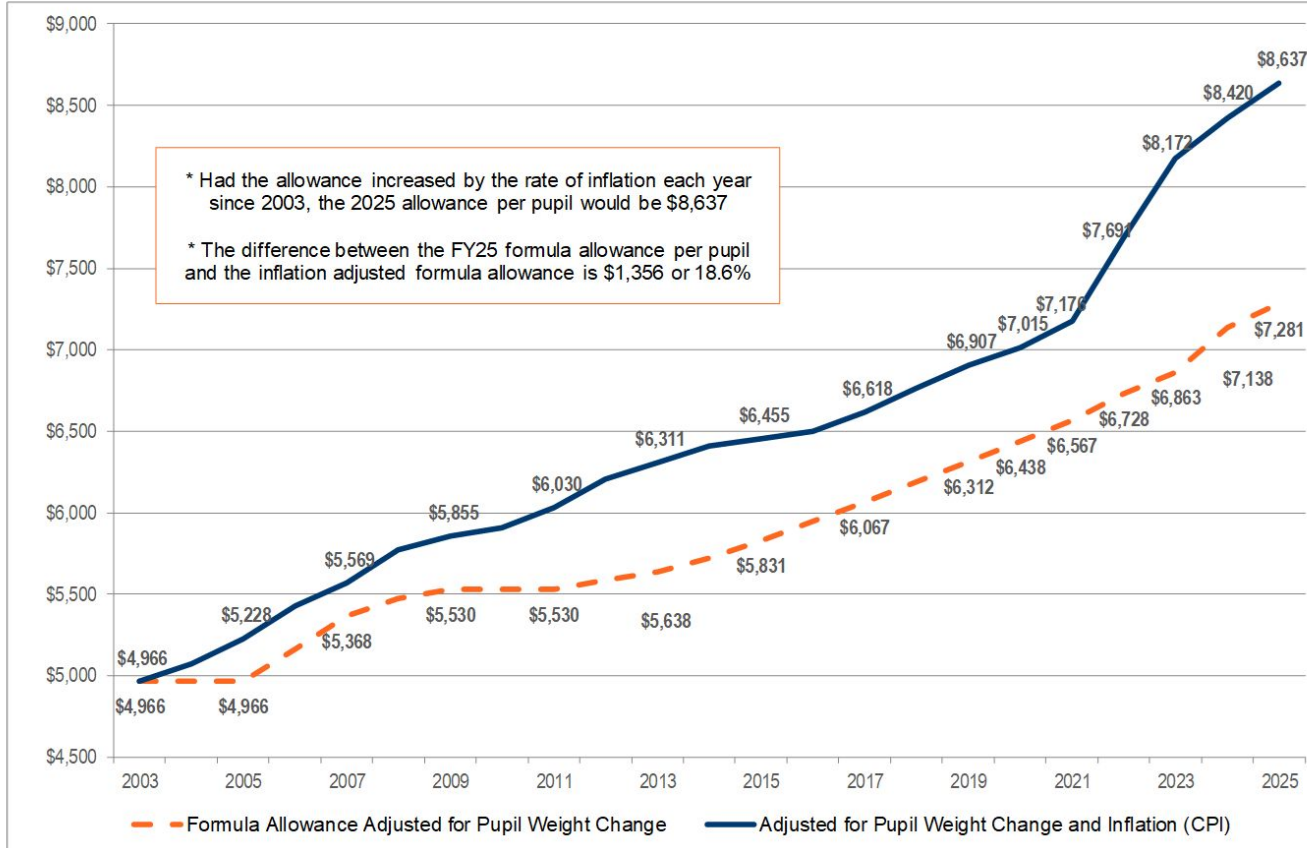
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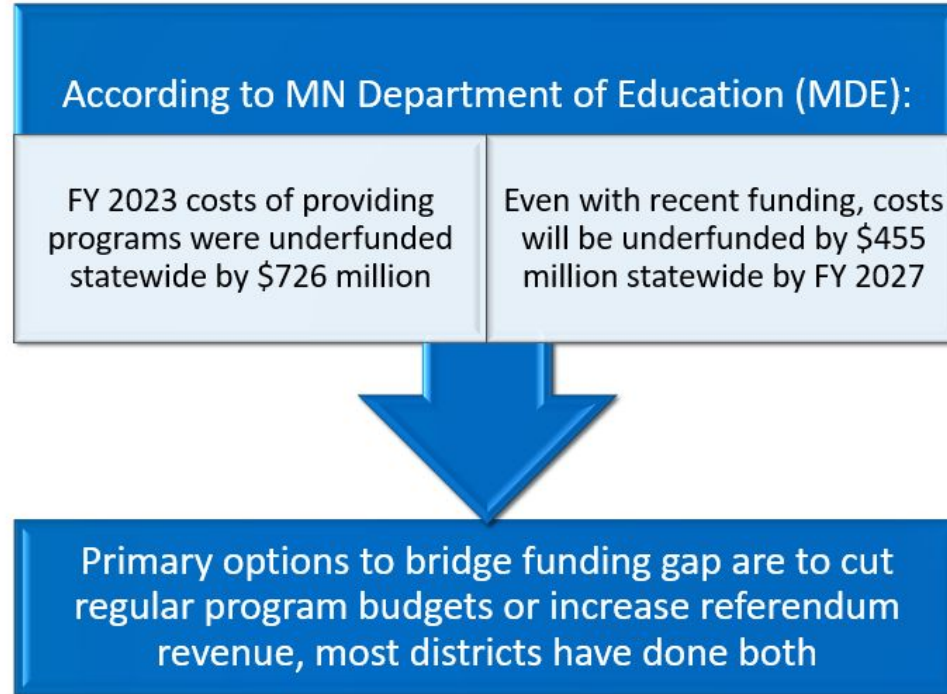
General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

Special Education - Underfunding



Budget Information

Because approval of the school district budget lags certification of tax levy by six months, the state requires *only current year budget information be presented at this hearing.*

Fiscal Year 2025-26 budget will be adopted by our school board in June 2025.



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Our District's Funds

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

- General
- Food Service
- Community Service
- Building Construction
- Debt Service
- OPEB* Trust
- OPEB* Debt Service

**Other Post-Employment Benefits*

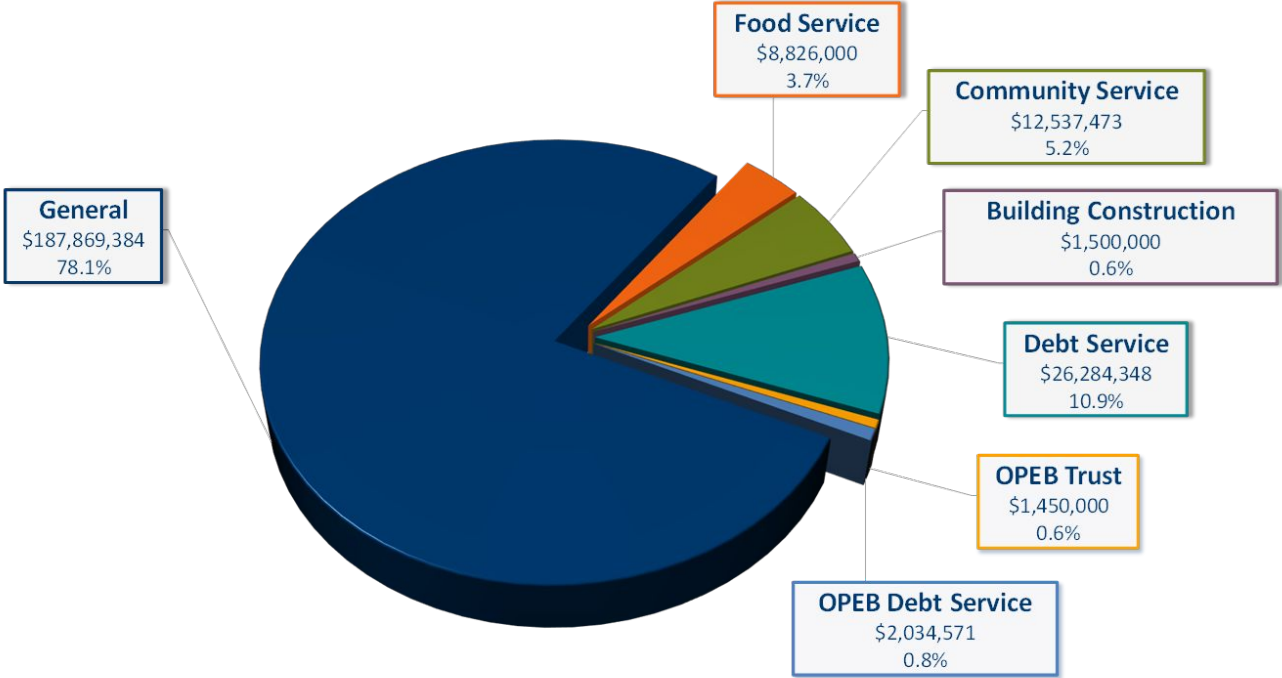


FY 25 Approved Budget

FUND	2024-25 BUDGET	
	REVENUES & TRANSERS IN	EXPENDITURES & TRANSFERS OUT
General	\$187,869,384	\$190,499,393
Food Service	8,826,000	8,845,527
Community Service	12,537,473	12,746,937
Building Construction	1,500,000	31,385,011
Debt Service	26,284,348	26,224,348
OPEB* Irrevocable Trust	1,450,000	2,057,000
OPEB* Debt Service	2,034,571	2,034,571
Total All Funds	240,501,776	273,792,787

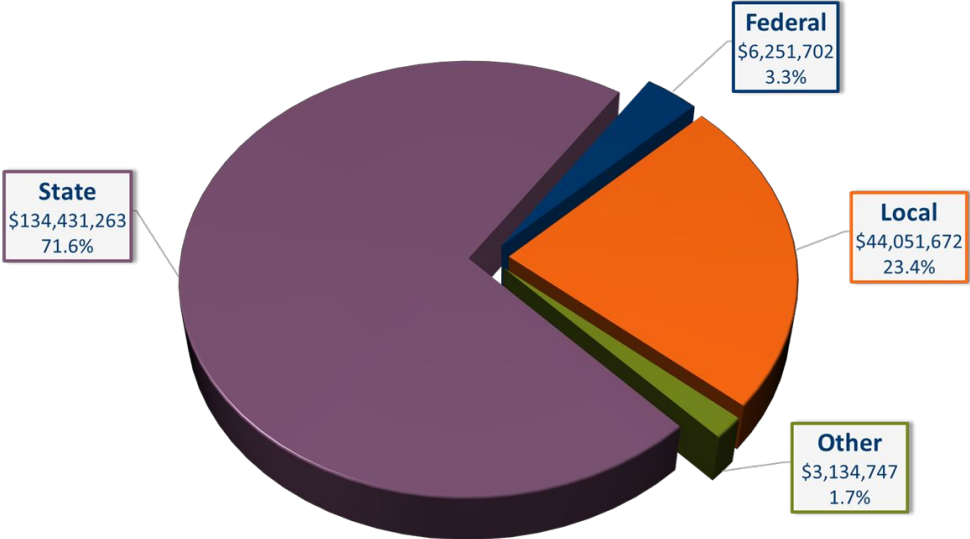
Revenue: All Funds

2024-2025, \$240,501,776



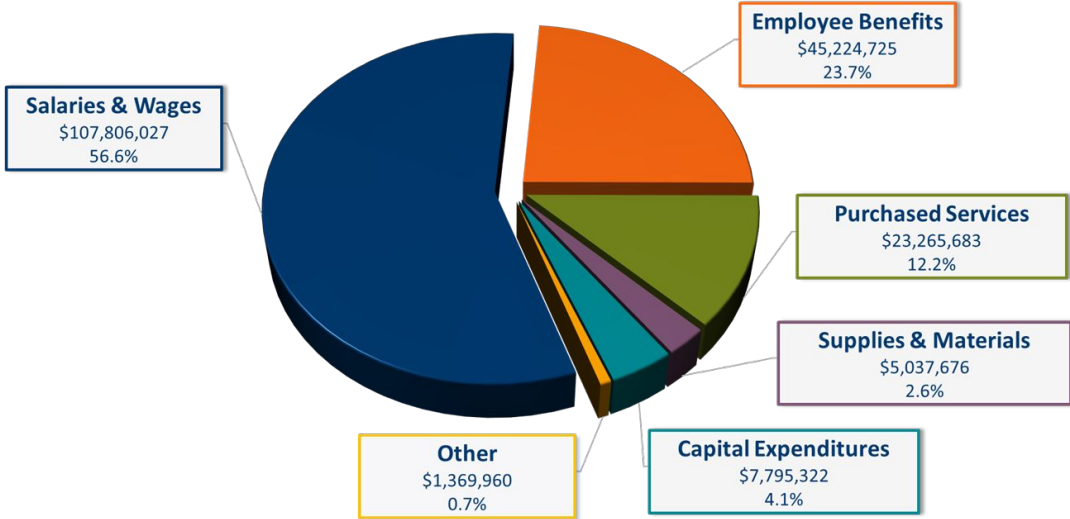
General Fund Revenue

2024-2025, \$187,869,384



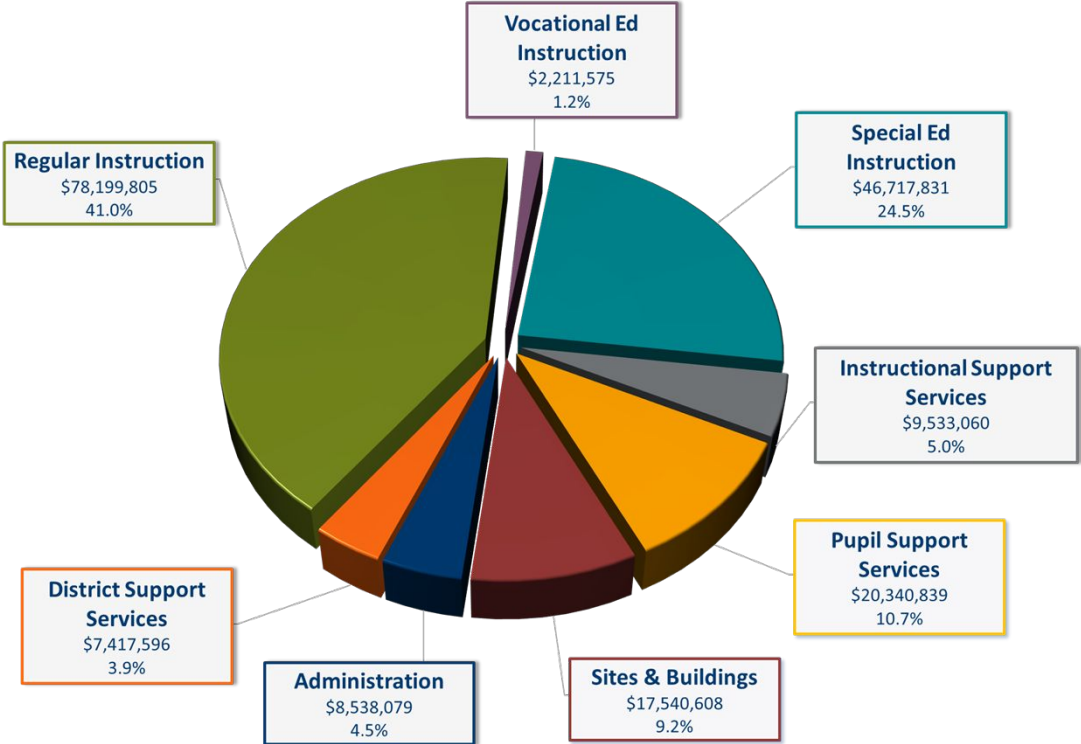
General Fund Expenditures, by object

2024-2025, \$190,493,393



General Fund Expenditures, by program

2024-2025, \$190,493,393



Tax Levy

Change in Tax Levy **does not** determine a change in budget.



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



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



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



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



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School District compared to City/County levy cycles



School District:

- Budget year begins July 1st
- 2024 taxes provide revenue for 2024-25 fiscal year
- Budget adopted in June 2024



City/County:

- Budget year begins January 1st
- 2024 taxes provide revenue for 2024 calendar year budget



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Our Pay 25 timeline



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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 & distributes funds back to other taxing jurisdictions.



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School District Property Taxes

- Each school district may levy taxes in over 40 different categories
- Maximum levy amounts (calculated by MDE) for each category are set by:
 - State law
 - Voter approval
- Property Tax Process
 - Key steps in process are summarized on next slide
 - Any of these steps may affect taxes on a parcel of property, but district has control over only 1 of 6 steps

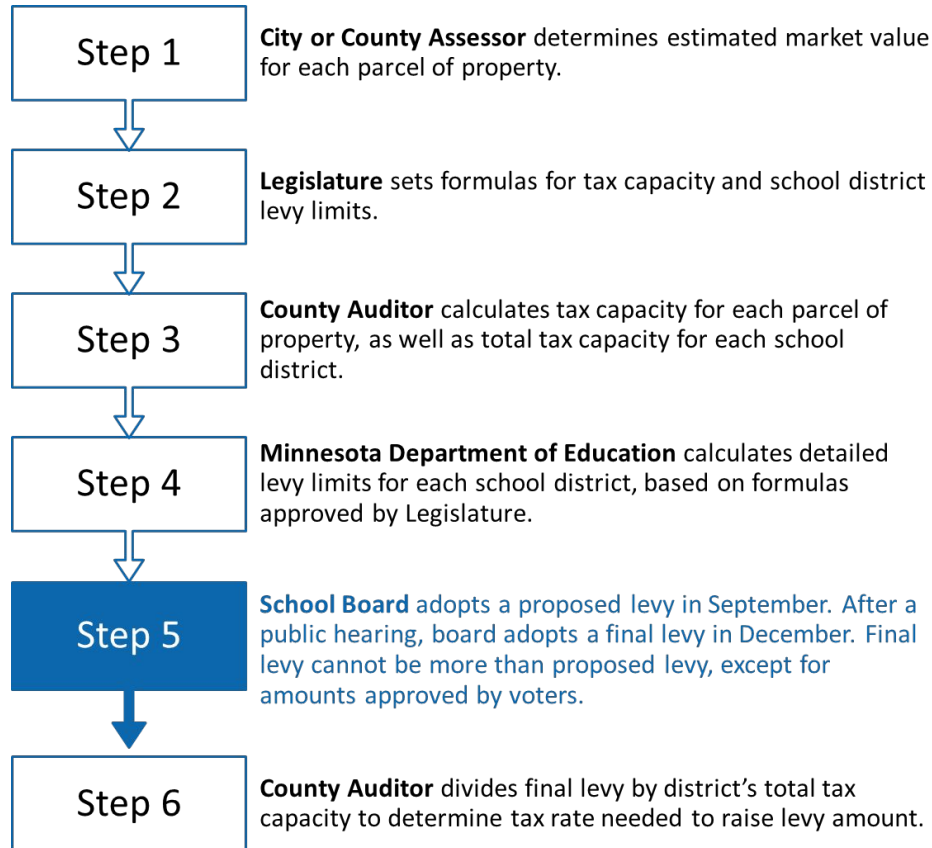


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School District Property Tax Process



Pay 2025 Overview

- Proposed Payable 2025 tax levy is an increase from 2024 of \$3,228,323 or 4.98%
- Changes by levy category and reasons for major increases & decreases in levy are included on following slides



**ISD 622 North St. Paul-Maplewood-Oakdale Schools
Proposed Levy Certification 2024 Pay 2025**

General Fund (Fund 1)	Proposed		Final	\$ Change	% Change
	Pay 2024	Pay 2025	Pay 2025		
Operating Referendum	\$ 11,180,088	\$ 11,399,300	\$ 11,399,300	\$ 219,212	
Local Optional	\$ 7,922,173	\$ 8,089,775	\$ 8,089,775	\$ 167,602	
Equity	\$ 1,349,524	\$ 1,374,667	\$ 1,374,667	\$ 25,143	
Transition	\$ 150,314	\$ 150,248	\$ 150,248	\$ (66)	
Operating Capital	\$ 1,418,068	\$ 1,537,951	\$ 1,537,951	\$ 119,883	
Q Comp	\$ 939,904	\$ 951,541	\$ 951,541	\$ 11,637	
Achievement & Integration	\$ 862,732	\$ 898,809	\$ 898,809	\$ 36,077	
Reemployment Insurance	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	
Safe Schools	\$ 402,926	\$ 402,751	\$ 402,751	\$ (175)	
Safe Schools - Intermediate	\$ 167,886	\$ 167,813	\$ 167,813	\$ (73)	
Ice Arena	\$ 222,527	\$ 270,602	\$ 270,602	\$ 48,075	
Career & Technical	\$ 670,842	\$ 702,292	\$ 702,292	\$ 31,450	
Annual OPEB	\$ 750,000	\$ 1,400,000	\$ 1,400,000	\$ 650,000	
Long Term Facilities Maintenance (LTFM)	\$ 6,375,563	\$ 5,953,425	\$ 5,953,425	\$ (422,138)	
Building/Land Lease	\$ 2,243,053	\$ 2,109,242	\$ 2,109,242	\$ (133,811)	
Econ Dev Abatement (Woodbury)	\$ 290,757	\$ 336,550	\$ 336,550	\$ 45,793	
Adjustments and Abatements	\$ (98,096)	\$ 1,293,743	\$ 1,293,743		
General Fund Total Levy	\$ 34,948,261	\$ 37,138,707	\$ 37,138,707	\$ 2,190,446	6.3

Community Service (Fund 4)	Proposed		\$ Change	% Change	
	Pay 2024	Pay 2025			
Basic Community Education	\$ 551,189	\$ 525,203	\$ 525,203	\$ (25,986)	
Early Childhood Education	\$ 294,367	\$ 318,350	\$ 318,350	\$ 23,983	
Home Visiting	\$ 9,186	\$ 10,254	\$ 10,254	\$ 1,068	
Adults with Disabilities	\$ 8,819	\$ 8,440	\$ 8,440	\$ (379)	
School-age Care	\$ 700,000	\$ 700,000	\$ 700,000	\$ -	
Adjustments and Abatements	\$ (12,461)	\$ 14,657	\$ 14,657		
Community Service Fund Total Levy	\$ 1,551,100	\$ 1,576,903	\$ 1,576,903	\$ 25,803	1.7

Debt Service (Fund 7)	Proposed		\$ Change	% Change	
	Pay 2024	Pay 2025			
Voter Approved Debt Service	\$ 16,157,506	\$ 15,067,760	\$ 15,067,760		
Non-Voter Approved Debt Service	\$ 10,793,911	\$ 12,287,716	\$ 12,287,716		
Adjustments and Abatements	\$ (667,069)	\$ -	\$ -		
Debt Service Fund Total Levy	\$ 26,284,348	\$ 27,355,476	\$ 27,355,476	\$ 1,071,128	4.1

OPEB Debt Service (Fund 47)	Proposed		\$ Change	% Change	
	Pay 2024	Pay 2025			
Debt Service	\$ 2,106,001	\$ 2,104,384	\$ 2,104,384		
Adjustments and Abatements	\$ (71,430)	\$ (128,868)	\$ (128,868)		
OPEB Debt Service Fund Total Levy	\$ 2,034,571	\$ 1,975,516	\$ 1,975,516	\$ (59,055,00)	(2.9)

	Proposed		Final	\$ Change	% Change
	Pay 2024	Pay 2025	Pay 2025		
Grand Total All Funds	\$ 64,818,280	\$ 68,046,603	\$ 68,046,603	\$ 3,228,323	4.98

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Proposed Property Tax Levy Summary by Tax Type

	Final Pay 2024	Proposed Pay 2025	\$ Change	% Change
Referendum Market Value Voter Approved				
Operating Referendum	11,180,088	11,399,300	219,211	2.0%
Adjustments and Abatements	410,708	149,126	(261,582)	-63.7%
RMV Voter Total Levy	11,590,797	11,548,426	(42,371)	-0.4%
Referendum Market Value Non-Voter Approved				
Local Optional	7,922,173	8,089,775	167,602	2.1%
Equity	1,349,524	1,374,667	25,143	1.9%
Transition	150,314	150,248	(66)	0.0%
Adjustments and Abatements	80,729	299,622	218,893	271.1%
RMV Non-Voter Total Levy	9,502,740	9,914,312	411,572	4.3%
Net Tax Capacity Voter Approved				
Voter Approved Debt Service	16,157,506	15,585,623	(571,883)	-3.5%
Adjustments and Abatements	(368,364)	(517,863)	(149,499)	-
NTC Voter Total Levy	15,789,142	15,067,760	(721,382)	-4.6%
Net Tax Capacity Non-Voter Approved				
Non-Voter Approved Debt Service	10,793,911	12,948,579	2,154,667	20.0%
OPEB Debt Service	2,106,001	2,104,384	(1,617)	-0.1%
Operating Capital	1,418,068	1,537,951	119,883	8.5%
Q Comp	939,904	951,541	11,637	1.2%
Achievement and Integration	862,732	898,809	36,078	4.2%
Reemployment Insurance	100,000	100,000	-	0.0%
Safe Schools	402,926	402,751	(176)	0.0%
Safe Schools Intermediary	167,886	167,813	(73)	0.0%
Ice Arena	222,527	270,602	48,075	21.6%
Career & Technical	670,842	702,292	31,450	4.7%
Annual OPEB	750,000	1,400,000	650,000	86.7%
Long Term Facilities Maintenance	6,375,563	5,953,425	(422,138)	-6.6%
Building/Land Lease	2,243,053	2,109,242	(133,811)	-6.0%
Econ Dev Abatement	290,757	336,550	45,793	15.7%
Basic Community Education	551,189	525,203	(25,987)	-4.7%
Early Childhood Education	294,367	318,350	23,982	8.1%
Home Visiting	9,186	10,254	1,068	11.6%
Adults with Disabilities	8,819	8,440	(379)	-4.3%
School-age Care	700,000	700,000	-	0.0%
Adjustments and Abatements	(972,129)	69,922	1,042,050	-
NTC Non-Voter Total Levy	27,935,603	31,516,105	3,580,502	12.8%
Total Voter Approved	27,379,939	26,616,186	(763,753)	-2.8%
Total Non-Voter Approved	37,438,343	41,430,417	3,992,074	10.7%
Total Referendum Market Value	21,093,536	21,462,738	369,202	1.8%
Total Net Tax Capacity	43,724,745	46,583,665	2,859,120	6.5%
Total Property Tax Levy All Funds	64,818,282	68,046,603	3,228,322	4.98%

Explanation of changes

Category:

General Fund – Other Post Employment Benefits (OPEB)

Change:

+\$650,000

Use of Funds:

Retiree Health and Other Insurance Benefits

Reason for Change:

Increase in estimated expenditures for Post Employment Benefits

Explanation of changes

Category:	General Fund – Prior Year Adjustments
Change:	+\$1,398,839
Use of Funds:	Various
Reason for Change:	Initial levies are based on estimates. In later years, amounts are updated and levies are retroactively adjusted.

Explanation of changes

Category:

General – Long Term Facilities Maintenance and Debt Service Fund

Changes:

-\$422,138 (General - LTFM), +\$1,012,072 (Debt Service)

Use of Funds:

Health & Safety, Deferred Maintenance & Required Debt Service Payments

Reasons for Changes:

District is eligible for LTFM revenue based on state-approved project costs
Levies are coordinated with other capital and debt service levies

Tax impact

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

- Changes in value of individual property
- Changes in total value of all property within District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs & costs, voter-approved referendums & other factors



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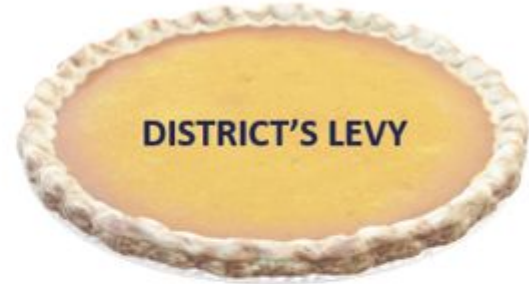
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Tax impact

Higher Market Value Increase = Bigger Slice



Lower Market Value Increase = Smaller Slice



Each Property Owner pays a portion of the pie



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The impact of property valuations - an example

- Two properties in the district
 - Both houses are valued at \$100,000
- Total levy of \$500
 - Each property would pay \$250 of the levy

\$100,000



\$100,000



The impact of property valuations - an example

- Two properties in the district
 - Orange house value increases by 10%
 - Blue house increases by 25%
- Total levy of \$500
 - The school district will still generate the same amount of the levy even though values increased.
 - Orange house pays less, and blue house pays more.

\$110,000



\$125,000





Minnesota Legislative Changes for Pay 2025

In 2023, The Minnesota State Legislature passed laws that affect property taxes for taxes payable in 2025.

Recap of major changes:

- Provided a tax benefit to homeowners by increasing the homestead exclusion for valuations between \$76,000 and \$517,000; and
- Increased the first-tier limit for Ag Homestead land to \$3.5M from \$2.15M

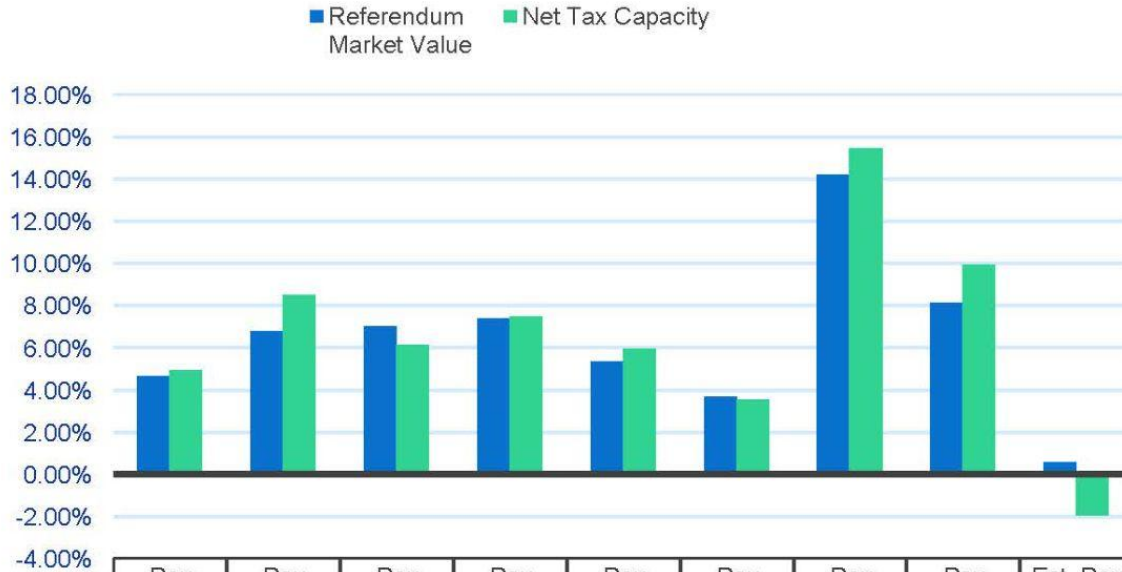


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Property Value % Increase Trend



	Pay 2017	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Est. Pay 2025
Referendum Market Value	4.69%	6.82%	7.04%	7.41%	5.39%	3.69%	14.25%	8.17%	0.58%
Net Tax Capacity	4.96%	8.55%	6.15%	7.52%	5.97%	3.55%	15.49%	9.96%	-1.91%



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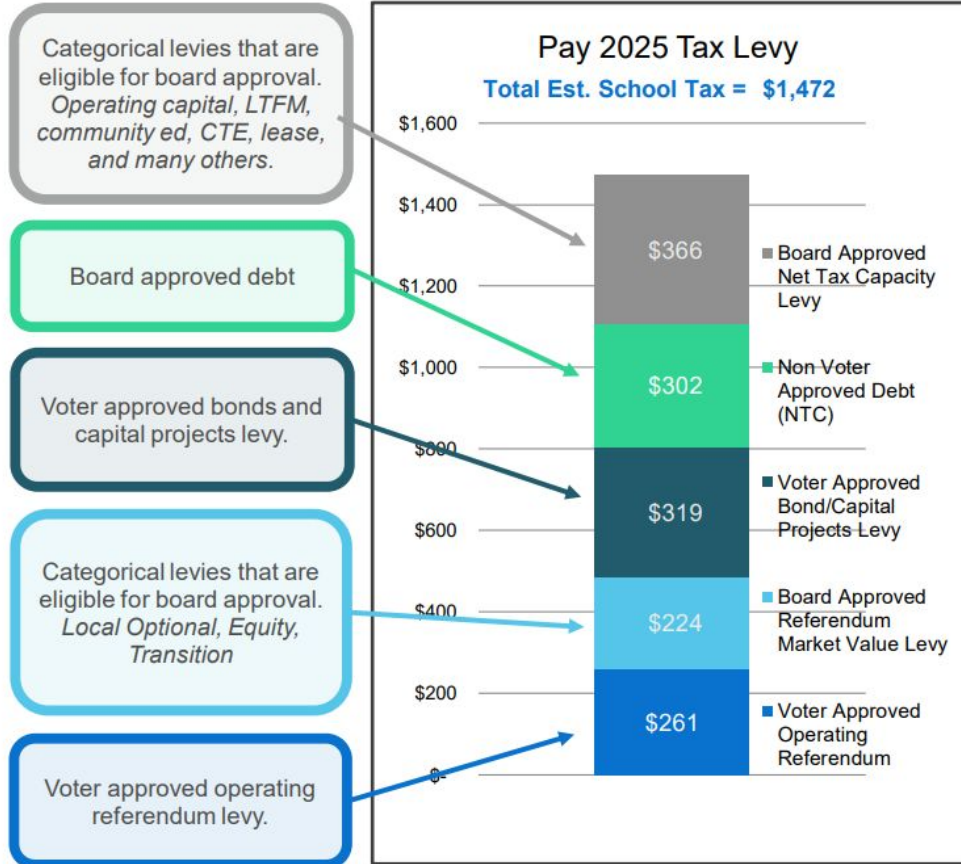
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Estimated Pay 2025 Total School Taxes for Residential Homestead

Home Value = \$325,000



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Estimated changes in taxes

		Property Value Increase					
		-3%					
Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change	
Residential Homestead	\$150,000	\$145,500	\$596	\$577	(\$19)	-3.24%	
	200,000	194,000	831	819	(12)	-1.49%	
	250,000	242,500	1,066	1,061	(6)	-0.52%	
	325,000	315,250	1,419	1,424	5	0.33%	
	400,000	388,000	1,772	1,787	15	0.83%	
	500,000	485,000	2,219	2,271	51	2.31%	
	600,000	582,000	2,737	2,802	65	2.36%	

		Property Value Increase					
		0.0%					
Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change	
Residential Homestead	\$150,000	\$150,000	\$596	\$599	\$3	0.58%	
	200,000	200,000	831	849	18	2.13%	
	250,000	250,000	1,066	1,098	32	3.00%	
	325,000	325,000	1,419	1,472	53	3.76%	
	400,000	400,000	1,772	1,847	75	4.21%	
	500,000	500,000	2,219	2,346	126	5.69%	
	600,000	600,000	2,737	2,901	164	5.98%	

		Property Value Increase					
		3.0%					
Types of Property	Pay 2024 Value	Pay 2025 Est. Value	Pay 2024	Pay 2025	\$ Change	% Change	
Residential Homestead	\$150,000	\$154,500	\$596	\$622	\$26	4.35%	
	200,000	206,000	831	879	48	5.72%	
	250,000	257,500	1,066	1,135	69	6.48%	
	325,000	334,750	1,419	1,521	102	7.18%	
	400,000	412,000	1,772	1,906	134	7.58%	
	500,000	515,000	2,219	2,432	213	9.59%	
	600,000	618,000	2,737	3,000	263	9.59%	



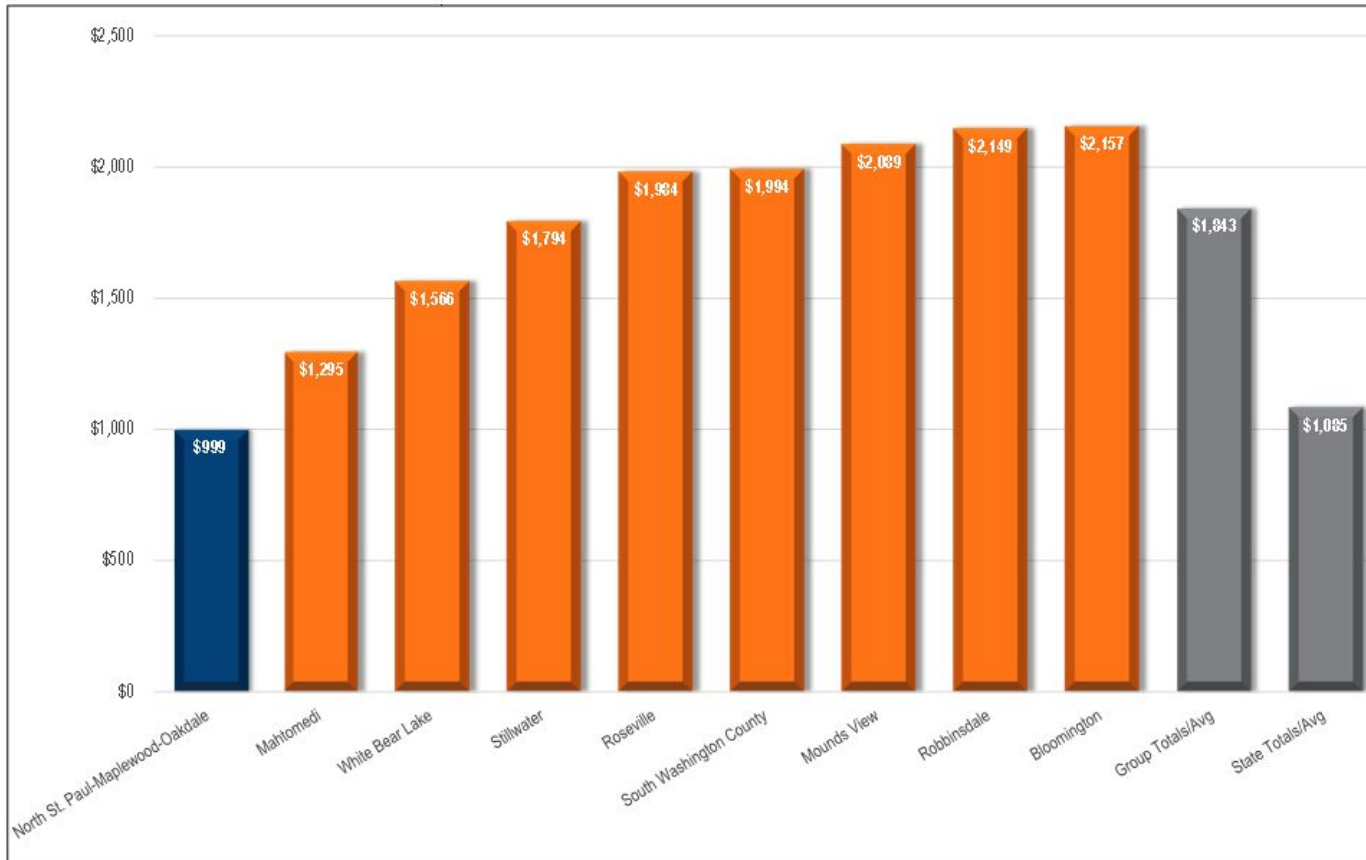
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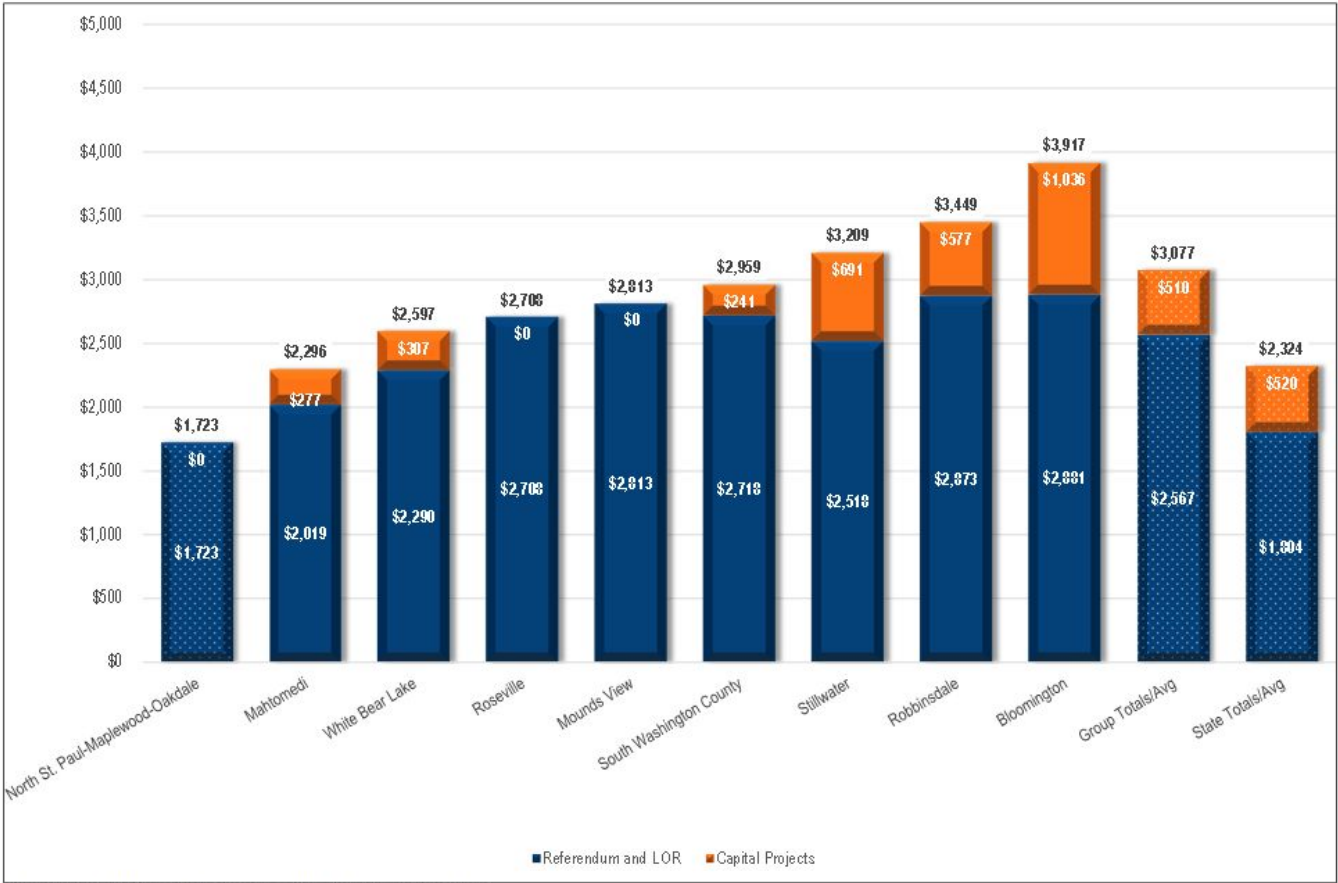
Voter Approved Referendum Authority Per Pupil Unit FY 2024-25 (Excludes Local Optional Revenue)



Source: MDE Pay 24 Levy Certification Report, Pay24 School Tax Report.

North St. Paul-Maplewood-Oakdale School District

Combined Referendum (Including LOR) and Capital Projects Revenue Per Pupil Unit



Source: Pay 2024 School Tax Report and MDE Pay 24 Levy Certification.

State Property Tax Refunds & Deferrals

Homestead Credit Refund

- Available for all homestead property, both residential and agricultural (house, garage and one acre (HGA) only)
- Refund is sliding scale, based on total property taxes and income (maximum refund is \$3,310 for homeowners and \$2,640 for renters)

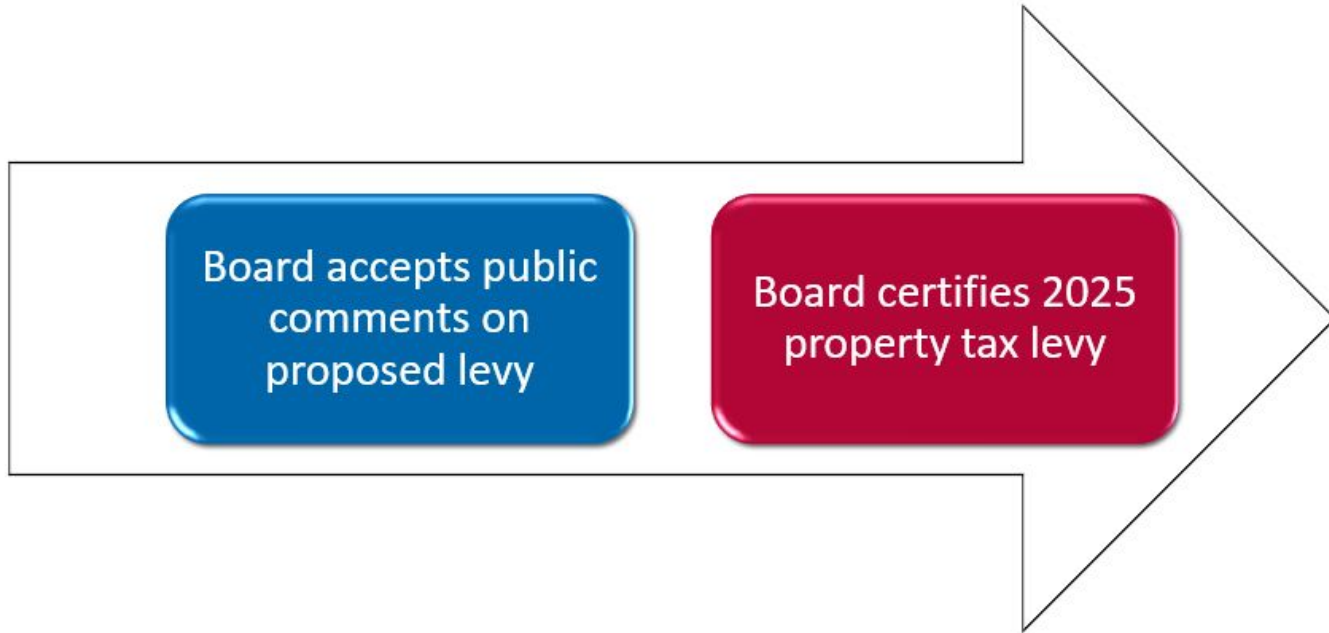
Special Property Tax Refund

- Available for all homestead property, both residential & agricultural (HGA only) with a gross tax increase of at least 12% and \$100 over prior year
- Refund is 60% of tax increase that exceeds greater of 12% or \$100 (max \$1,000)

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
- Deferred property taxes plus accrued interest must be paid when home is sold or homeowner(s) dies

Next Steps



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Public Comment



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