

Chisago Lakes School District #2144

December 17, 2020

**Robyn Vosberg-Torgerson
Director of Business Services**

Truth in Taxation



Truth in Taxation Law

Minnesota's Truth in Taxation Law began back in 1988.

Requires cities, counties and school districts to follow two important steps before adopting a tax levy for the following year.

Mailed Notice to each property owner in the county including:

- Tax levies proposed by city, county, and school district
- What percent increase/(decrease) such a levy would mean in dollars

Pertains to a Truth in Taxation public hearing for each taxing jurisdiction, including a specific public notice.

***You are here tonight as part of the school district's
public hearing process.***



Requirements

- Current budget must be discussed.
- Discussion of taxes payable for the next year (2021).
- Provide and discuss information on the sources of revenue, and the distribution of the revenue and expenditures.
- The proposed percent increase (decrease) and the reasons for the change.
- Public must be given time to comment and ask questions.

- Minnesota Statute 275.065



MN Legislature Must Set Funding for Minnesota Public Schools

Minnesota Constitution ARTICLE XIII MISCELLANEOUS SUBJECTS

Section 1

“UNIFORM SYSTEM OF PUBLIC SCHOOLS. The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make sure provisions by taxation or otherwise as weill secure a thorough and efficient system of public schools throughout the state.”



Funding 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)

State also authorizes school boards to submit referendums for operating and Capital needs to voters for approval



School District Budget

Current School Year

2020-2021



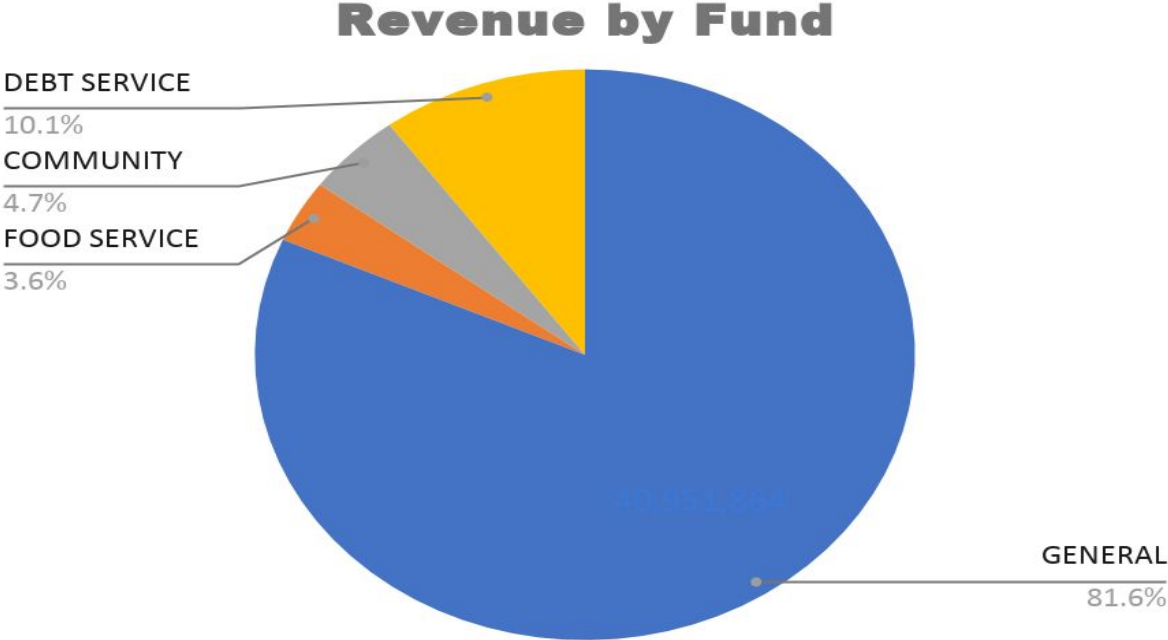
2020-2021 Budget

ISD 2144 - CHISAGO LAKES FISCAL YEAR 2020-2021 BUDGET

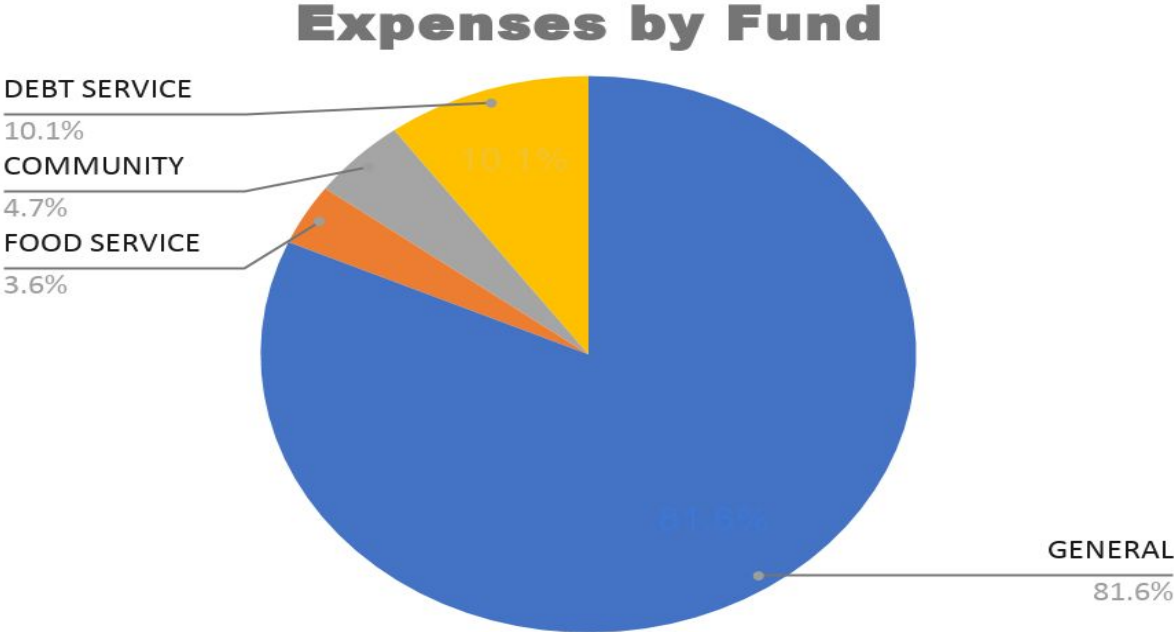
	GENERAL FUND	FOOD SERVICE FUND	COMMUNITY SERVICE FUND	BUILDING CONSTRUCTION FUND	DEBT SERVICE FUND	TOTAL
REVENUE						
LEVY	5,365,047	-	364,234	-	4,952,360	10,681,641
STATE AID	33,129,833	92,250	246,600	-	173,235	33,641,918
FEDERL AID	423,254	452,500	-	-	-	875,754
OTHER	1,992,440	1,177,750	1,698,500	-	20,000	4,888,690
TOTAL REVENUE	40,910,574	1,722,500	2,309,334	-	5,145,595	50,088,003
	GENERAL FUND	FOOD SERVICE FUND	COMMUNITY SERVICE FUND	BUILDING CONSTRUCTION FUND	DEBT SERVICE FUND	TOTAL
EXPENSES						
SALARIES/BENEFITS	31,429,028	881,425	2,017,800	-	-	34,328,253
PURCHASED SERVICES	7,367,530	93,200	262,092	-	-	7,722,822
SUPPLIES	1,245,110	789,000	90,950	-	-	2,125,060
EQUIPMENT/BUILDING	853,491	19,500	6,000	-	-	878,991
DEBT SERVICE	-	-	-	-	5,064,739	5,064,739
OTHER	56,705	2,500	2,200	-	-	61,405
TOTAL EXPENSES	40,951,864	1,785,625	2,379,042	-	5,064,739	50,181,270
NET CHANGE	(41,290)	(63,125)	(69,708)	-	80,856	(93,267)



Revenue by Fund

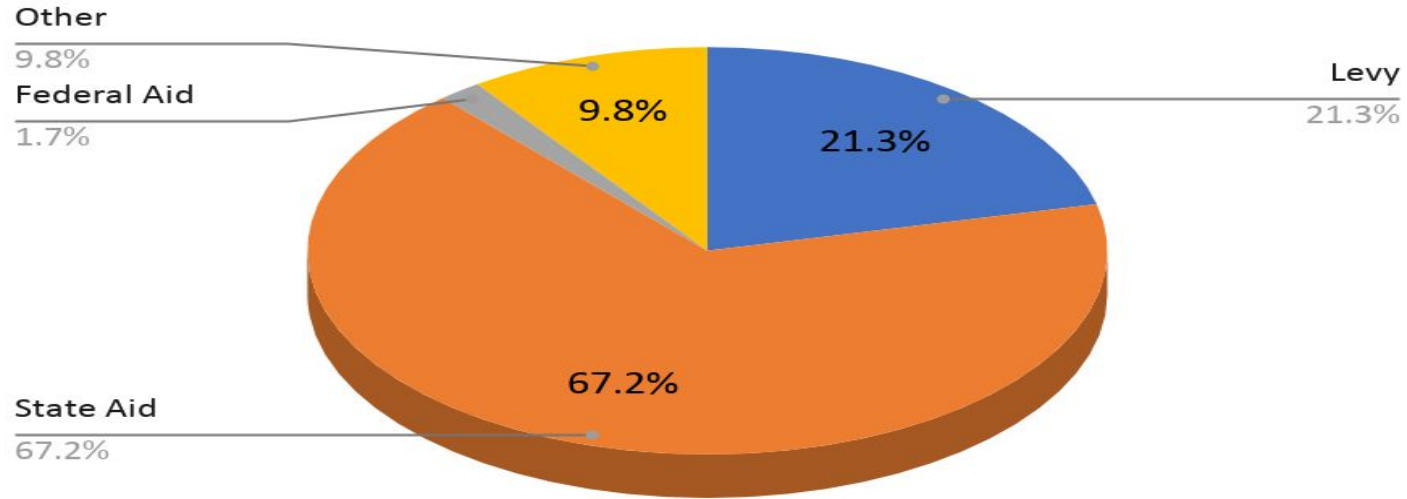


Expenses by Fund



State Aid vs. Levy

Revenue by Funding Type



How Does our District Compare?

Total Property Tax Revenue per Average Daily Membership (ADM):

-District 2144 \$1,592 per ADM

-State Wide \$1,607 per ADM

(2018-2019 Data)



How Does our District Compare?

Total General Fund Expenditures per
Average Daily Membership (ADM):

-District 2144	\$11,745	per ADM
-State Wide	\$13,025	per ADM

(2018-2019 Data)



Proposed Tax Levy

Taxes Payable 2021

Funding for 2021-2022 School Year

Fiscal year 2022



Key Steps in Determining School District Property Taxes

***County Assessor determines the market value for each piece of property in the county.**

***The legislature establishes formulas to determine how much of the taxes should be paid by each type of property.**

***County Auditor calculates tax capacity for each parcel of property and the total tax capacity for each school district.**

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Key Steps in Determining School District Property Taxes

***The legislature sets formulas that determine school district levy limits or the maximum amounts of taxes that districts can levy in each category.**

***Minnesota Department of Education (MDE) calculates detailed levy limits for each school district based on formulas approved by the legislature.**

***The School Board adopts a proposed levy in September, based on the limits set.**



Key Steps in Determining School District Property Taxes

***After a public hearing, the Board adopts the final levy in December.**

***The County Auditor divides the final levy by the district's total tax capacity to determine the tax rate needed to raise the proper levy amount. The Auditor multiplies this tax rate times each properties tax capacity to determine the school tax for that property.**



Categories

Legislation breaks property into numerous categories

Residential

Homestead

Non Homestead

Apartments

Commercial/Industrial

Seasonal Recreational

Agricultural

Homestead

Non Homestead

Other



School District Funds

General Fund
Community Service Fund
Debt Service Fund



General Fund Levy

- Voter Approved
- Career and Tech
- Safe Schools
- Operating Capital
- Long Term Facilities
- Building Lease
- Equity
- Location Optional Revenue



Community Service Fund Levy

- Basic Community Ed
- ECFE
- Home Visiting
- Adults with Disabilities
- School Aged Care



Community Service Levy

Accounts for the lifelong learning programs in the District Levy are based on:

- a) District population
- b) Early childhood levy is based on the number of children under 5 years of age



Debt Service Levy

- Levy to pay off principal and interest payments for building projects approved by the voters, alternative facility bonds which relate to health and safety projects.
- Based on the annual debt retirement schedules



How Are Your School Property Taxes Spent?

General Fund	50.28%
Community Service Fund	3.31%
Debt Service Fund	46.41%
Total Levy Before Credits	100.00%



School District Levy

Decreasing by:

\$149,156.92

Or

-1.35%



School District Levy

Decreasing in the General Fund by:

\$326,337.15

Decreasing in the Community Service Fund by:

\$2,191,70

Increasing in the Debt Service Fund by:

\$179,371.93



Tax Levy

Change in Tax Levy Does not Determine 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, and fund balance, not just by tax levies
- An increase in school taxes does not always correlate to an equal increase in the budget

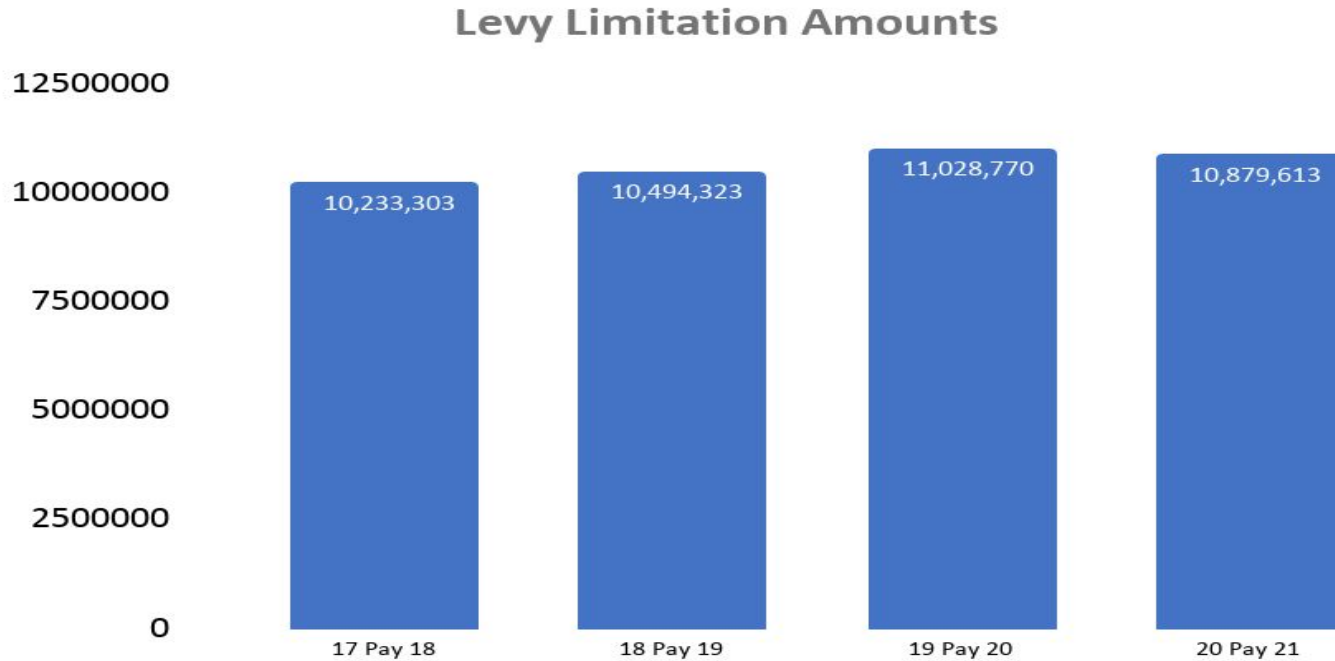


Variables

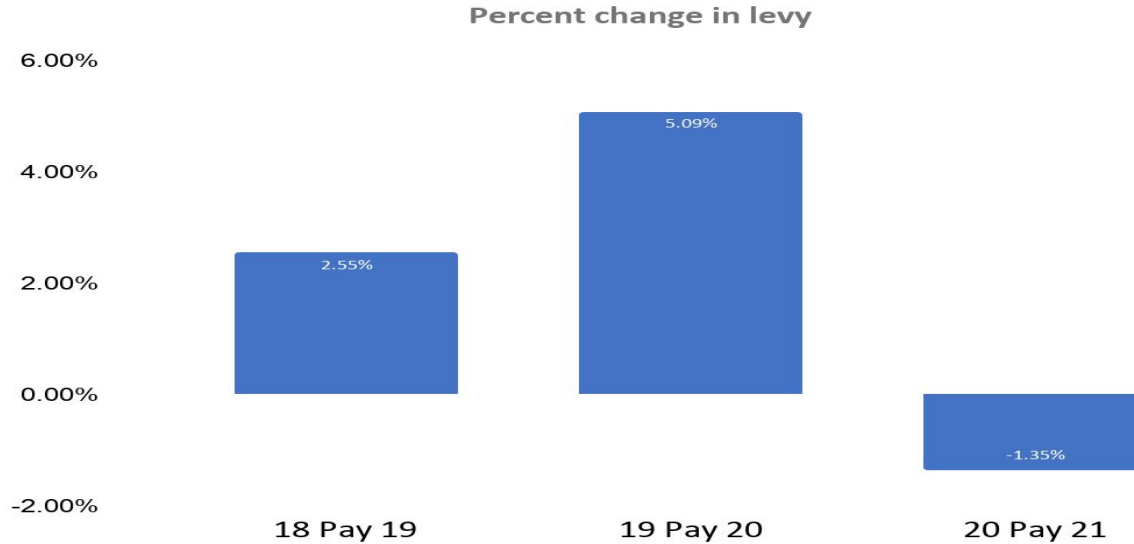
What are the main variables that caused our property tax increases and decreases



Levy Limitation Amounts



Percent Change in Levy



School Building Bond Agricultural Credit

- For property taxes payable in 2018 and 2019, the credit was 40%
- 2019 Legislature increased the credit
 - * 50% for taxes payable in 2020
 - * 55% for taxes payable in 2021
 - * 65% for taxes payable in 2022
 - * 70% for taxes payable in 2023 and thereafter



Property Tax Refunds

Two different refunds available from the State. Both may reduce your net taxes; however

YOU MUST COMPLETE THE FORMS

For help with the forms and instructions contact:

–Your tax professional

–Minnesota Department of Revenue

(651) 296-3781 or (800) 652-9094 Automated (651) 296-4444 (800) 657-3676

–www.taxes.state.mn.us



Property Tax Refunds

Homestead Credit Refunds (for Homeowners)

1. Household income up to \$115,020 (2019)
2. Your property must be classified as your homestead.
3. You must have paid or made arrangements to pay any delinquent property taxes on your home.

Maximum Refund is \$2,820 for 2019

Form M1PR



Property Tax Refunds

Special Refund

*Must reside in home on both January 2, 2020 & January 2, 2021

*Net property tax must increase 12% over prior year

*Increase is at least \$100

**No income limitations

Form M1PR Schedule 1



Questions and Comments

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