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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 Taxation Law

Pursuant to MN law, school districts are required to discuss the levy and budget at a regular school board meeting and allow the public to speak.

The District can approve the levy at the same meeting.

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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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

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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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*

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FY 25 General Fund Revenue/Expenditures

Total Revenues	$187,869,384
Total Expenditures	$190,499,009
Fund Balance Contribution	($2,630,009)

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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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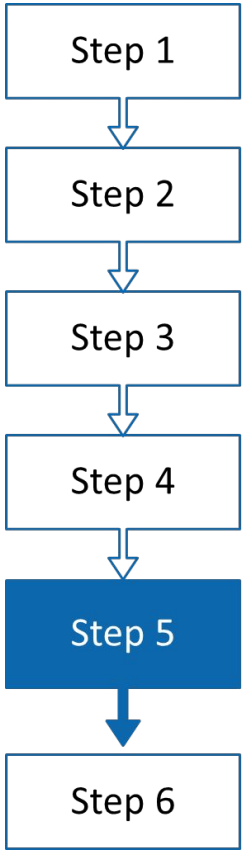
School District Property Tax Process



City or County Assessor determines estimated market value for each parcel of property.

Legislature sets formulas for tax capacity and school district levy limits.

County Auditor calculates tax capacity for each parcel of property, as well as total tax capacity for each school district.

Minnesota Department of Education calculates detailed levy limits for each school district, based on formulas approved by Legislature.

School Board adopts a proposed levy in September. After a public hearing, board adopts a final levy in December. Final levy cannot be more than proposed levy, except for amounts approved by voters.

County Auditor divides final levy by district's total tax capacity to determine tax rate needed to raise levy amount.

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Pay 2025 Overview

- Proposed Payable 2025 tax levy is an increase from 2024 of $3,228,323 or 4.98%

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

General Fund (Fund 1)	Pay 2024	Proposed Pay 2025	Final Pay 2025	$ Change	% Change
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)	Pay 2024	Proposed Pay 2025		$ Change	% Change
Basic Community Educaton	$ 551,189	$ 525,203	$ 525,203	$ (25,986)	
Early Childhoold 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)	Pay 2024	Proposed Pay 2025		$ Change	% Change
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)	Pay 2024	Proposed Pay 2025		$ Change	% Change
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)**

	Pay 2024	Proposed Pay 2025	Final Pay 2025	$ Change	% Change
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	46,583,865	2,859,120	6.5%
Total Property Tax Levy All Funds	**64,818,282**	**68,046,603**	**3,228,322**	**4.98%**

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Estimated Pay 2025 Total School Taxes for Residential Homestead

Home Value = $325,000

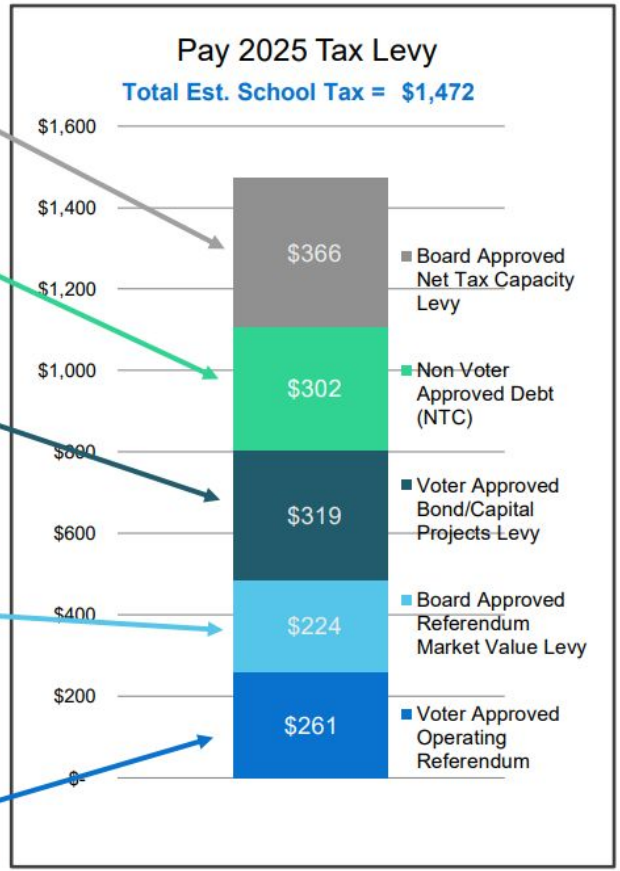
Categorical levies that are eligible for board approval. *Operating capital, LTFM, community ed, CTE, lease, and many others.*

Board approved debt

Voter approved bonds and capital projects levy.

Categorical levies that are eligible for board approval. *Local Optional, Equity, Transition*

Voter approved operating referendum levy.



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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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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

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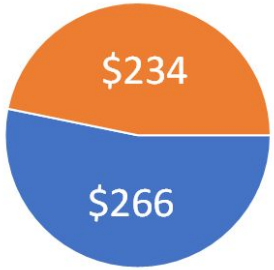
The impact of property valuations - an example

- 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

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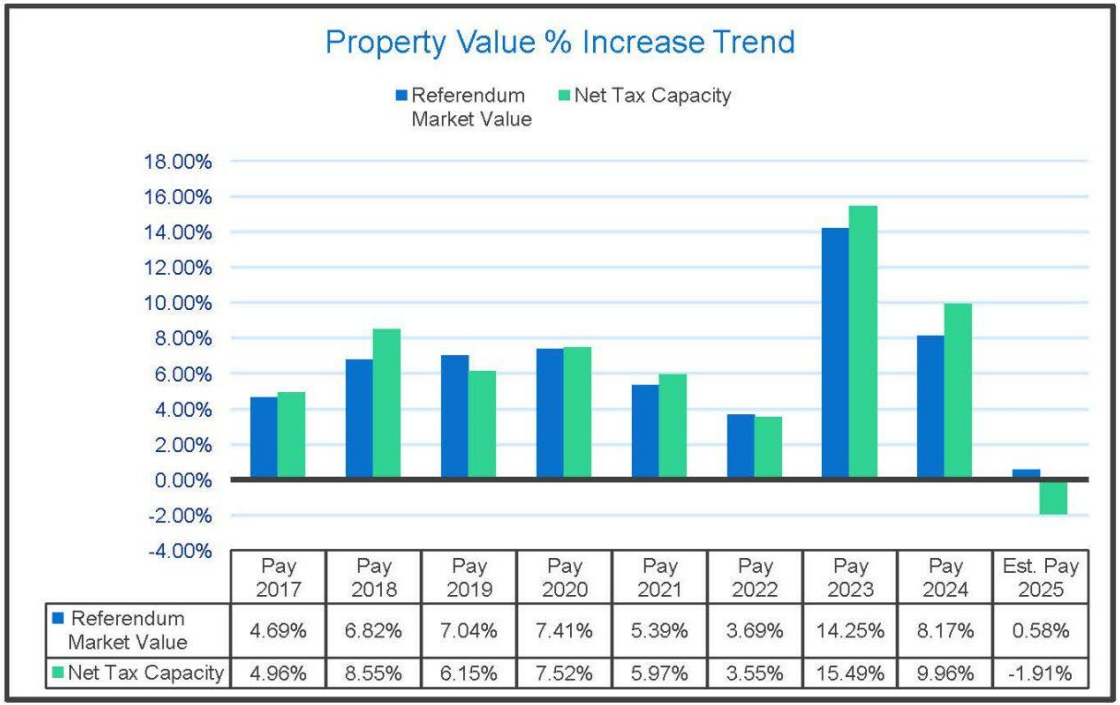

	Pay 2017	Pay 2018	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Est. Pay 2025
Referendum Market Value	4.69%	6.82%	7.04%	7.41%	5.39%	3.69%	14.25%	8.17%	0.58%
Net Tax Capacity	4.96%	8.55%	6.15%	7.52%	5.97%	3.55%	15.49%	9.96%	-1.91%

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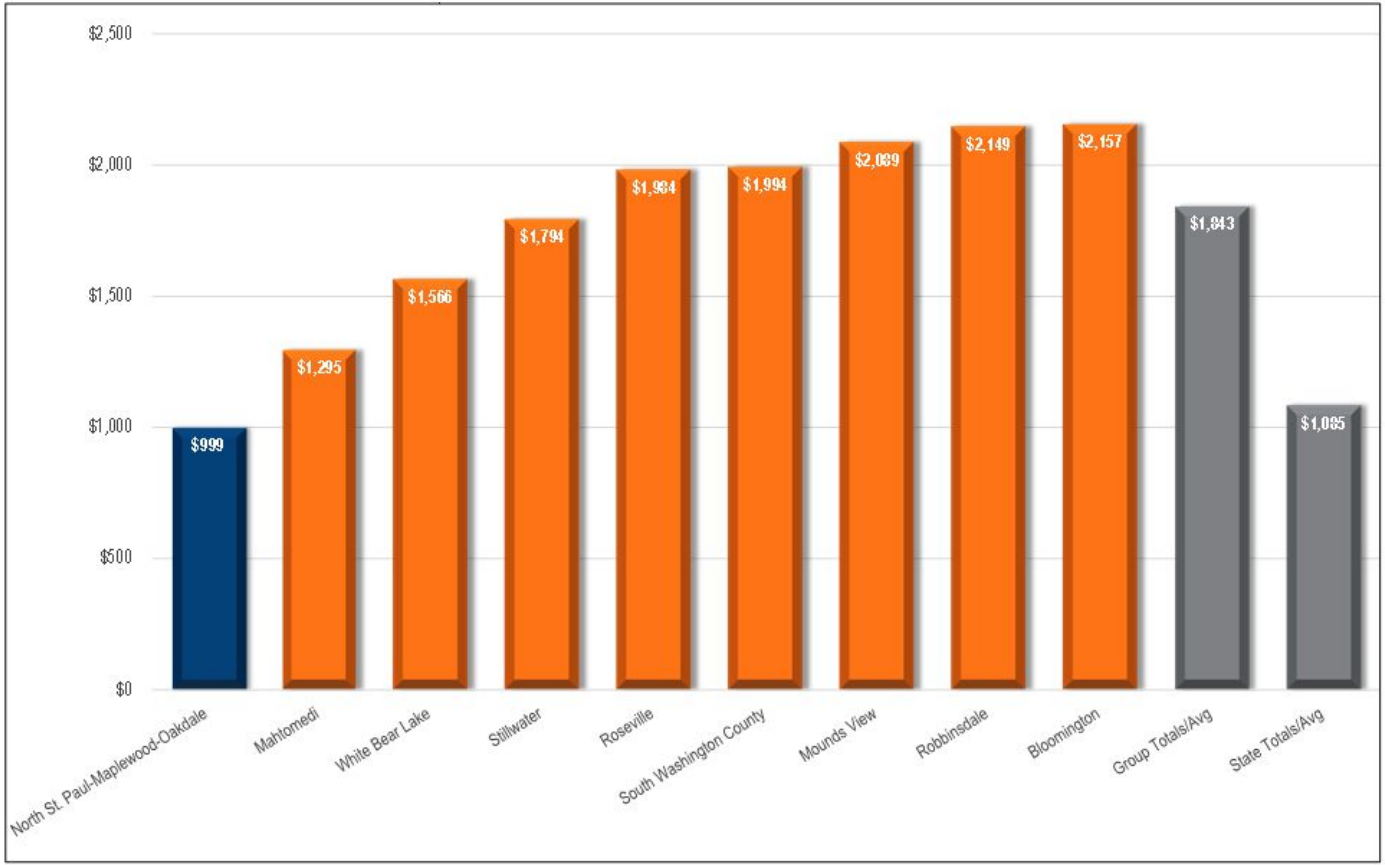
Voter Approved Referendum Authority Per Pupil Unit FY 2024-25 (Excludes Local Optional Revenue)



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

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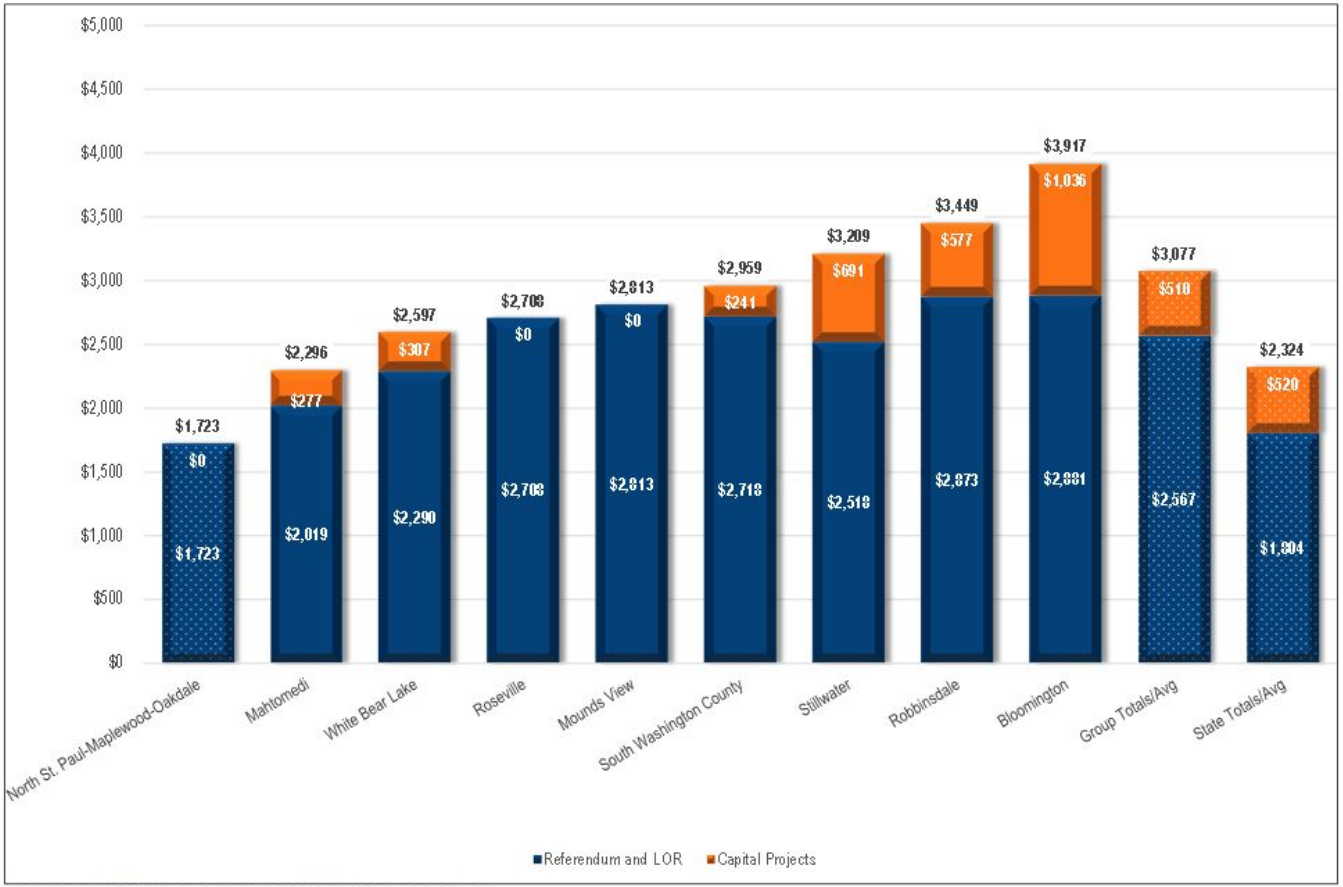
Combined Referendum (Including LOR) and Capital Projects Revenue Per Pupil Unit



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

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Next Steps - At the Dec 17 mtg

- Public Comment
- Board Action on the Pay 25 Tax Levy

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Public Comment

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Audit Update

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