Public Hearing for Taxes Payable in 2025

December 19, 2024

Presented By:
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Director of Business Services

Minnesota State Law Requirements

A Public Meeting…

- Between November 25th and December 28th
- At 6:00pm or later
- May be part of a regular scheduled meeting
- Must allow for public comments
- May adopt final levy at the same meeting

A Public Meeting…

- Current year budget
- Proposed property tax levy

Hearing Agenda



Background information on School Funding



District's Budget



District's Proposed Tax Levy for Taxes Payable in 2025



Public Comments

MN Legislature Must Set Funding for MN 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 such provisions by taxation or otherwise*** as will secure a thorough and efficient system of public schools throughout the state.”

As a Result, 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 in November

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

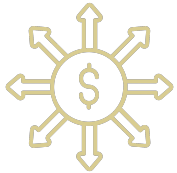
Change in tax levy **does not** determine change in budget



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.

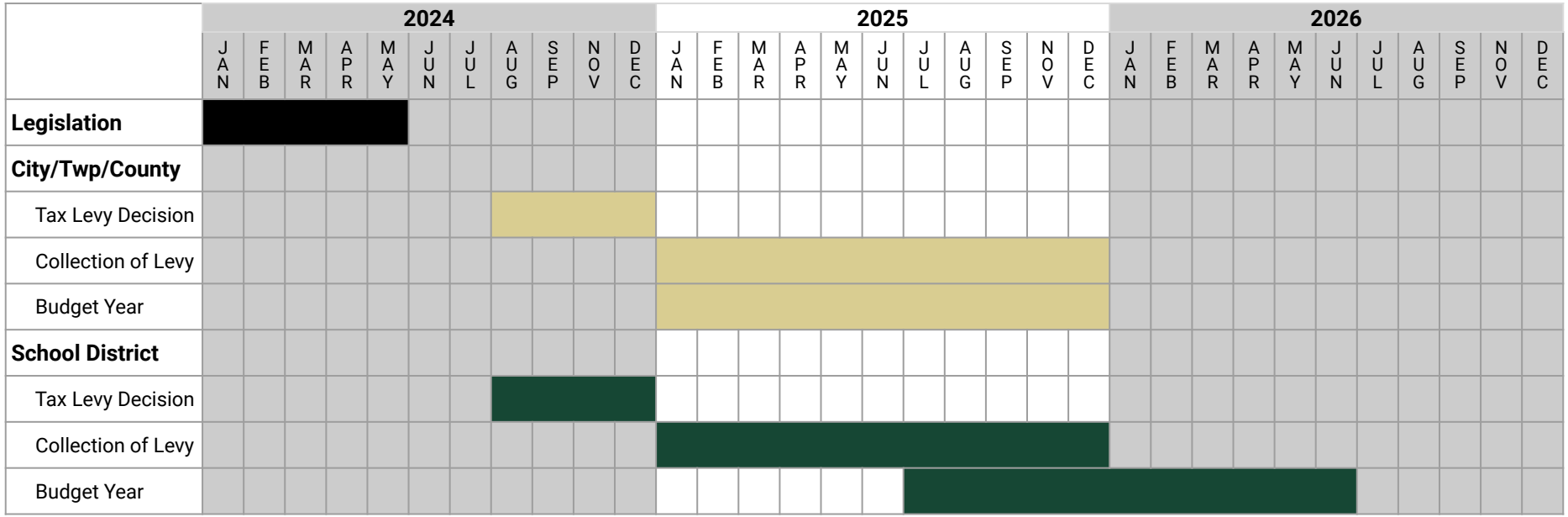


Expenditure budget is limited by state set revenue formulas, voter approved levies and fund balance.



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

Differences in Levy Cycles



School District: Property Tax Levy vs Budget Cycle

Property Tax Levy

- Preliminary Levy set in September
- Final Levy set in December
- Property taxes levied on a calendar year basis

Budget Cycle

- Final budget approved in June
- Budget is for fiscal year (July 1 - June 30)
- Mid-year budget revisions

2024 Payable 2025 Levy / Fiscal Year 2025 - 2026 (July 1, 2025 - June 30, 2026)

Budget Information

Budget Information

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

Our District's Funds

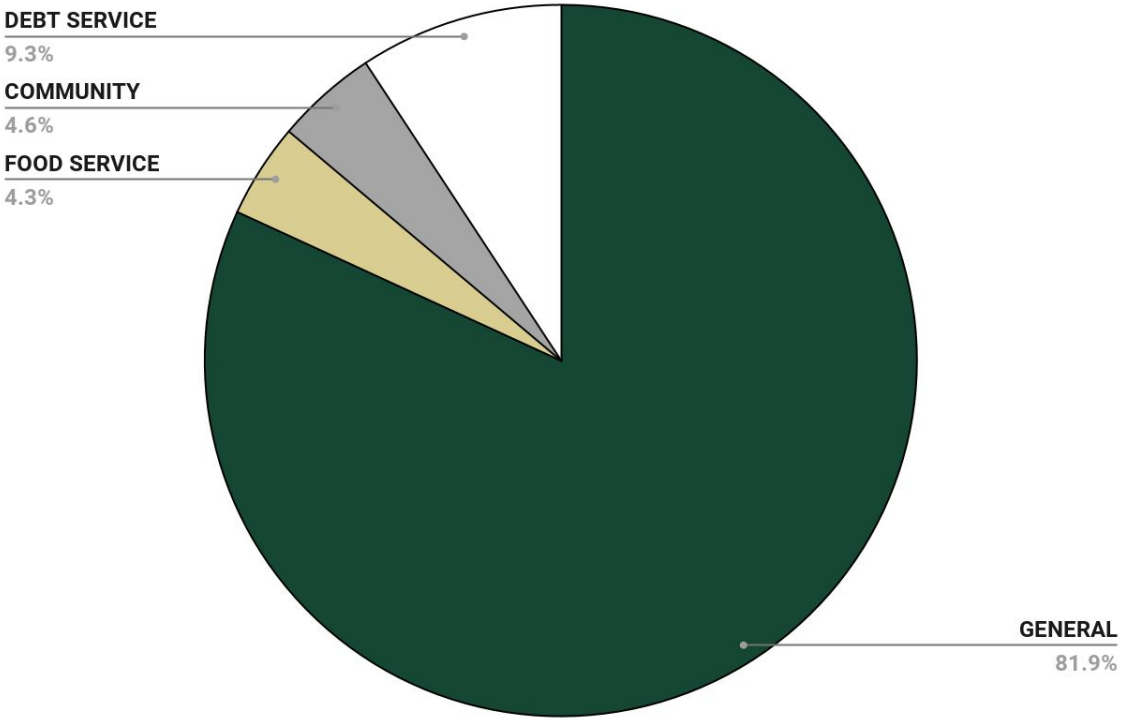
- General Fund
- Food Service
- Community Service
- Debt Service
- Custodial Fund

Because approval of school district budget lags certification of tax levy by six months, state requires *only current year budget information be presented at this hearing. Fiscal Year 2025-26 budget will be adopted by School Board in June 2025.*

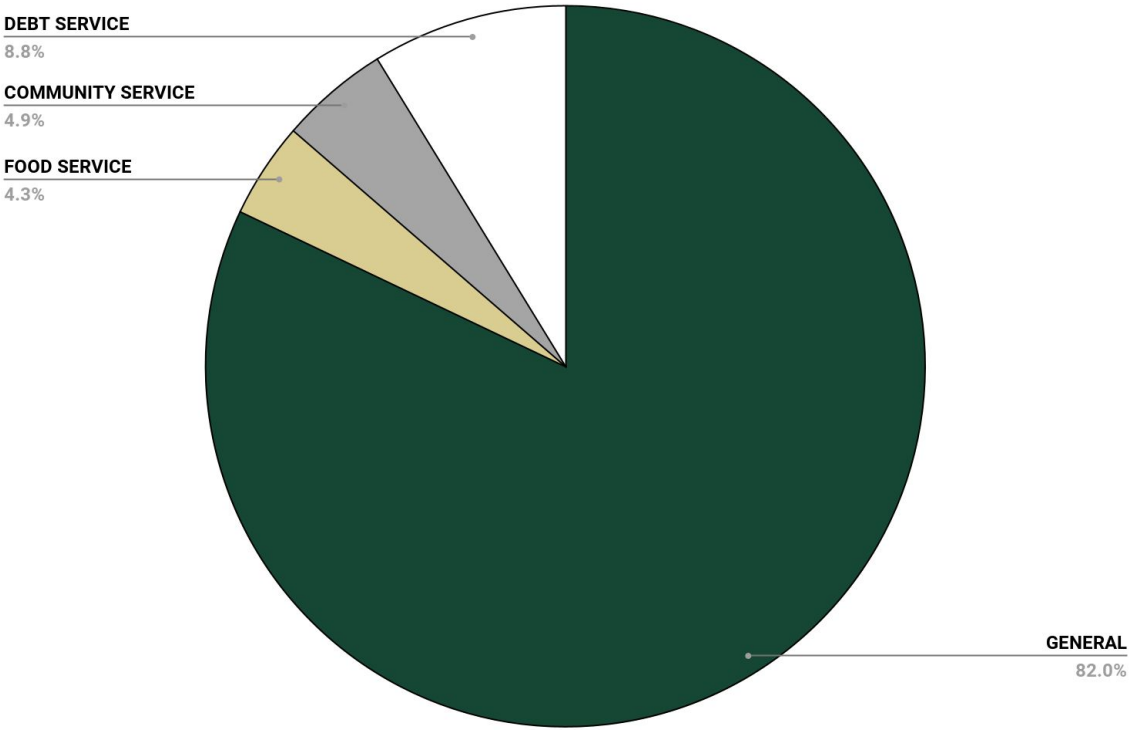
FY 2024 - 2025

Fund	Revenue	Expenditures
General Fund	$48,161,468	$48,874,610
Food Service Fund	$2,527,750	$2,567,265
Community Service Fund	$2,707,156	$2,907,627
Debt Service Fund	$5,442,850	$5,222,664
Custodial (Scholarship)	$35,000	$35,000
Total Budget	$58,874,224	$59,607,166

Revenue by Fund



Expenditures by Fund



Property Tax Levy

Payable 2024 Property Tax Levy



Levy Process



Comparison of 2024 to 2025 levies



Reasons for changes in tax levy



Impact on taxpayers

School District Tax Levy Information

- State sets funding formulas which determine revenue
- State sets tax policy for school districts
- State sets maximum authorized property tax levy
- State authorizes school board to submit referendums for operating and capital needs for voter approvals

Minnesota School District Levy Process

1. The **City or County Assessor** determines the estimated market value for each parcel of property in the county.

2. The **Legislature** sets the formulas for tax capacity. These formulas determine how much of the tax burden will fall on different types of property. determines the estimated market value for each parcel of property in the county.

3. The **County Auditor** calculates the tax capacity for each parcel of property in the county as well as the total tax capacity for each school district.

4. The **Legislature** sets the formulas which determine school district levy limits. These are maximum amounts of taxes that school districts can level in every category.

5. The **Minnesota Department of Education** calculates detailed levy limits for each school district, based on the formulas approved by the Legislature in step 4. These limits tell districts the exact amount that can be levied in every category.

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

7. The **County Auditor** divides the final levy (determined by the school board in step 6) by the district's total tax capacity (determined in step 3) to determine the tax rate needed to raise the proper levy amount. The auditor multiples this rate times each property's tax capacity, to determine the school tax for that property.*

*For certain levy categories (referendum, equity and transition levies), tax rates and levy amounts are based on referendum market value rather than tax capacity.

School District Property Tax Levy Timeline

July - August	September	September 26	Mid-November	December 19
MDE Levy Information System is updated.	MDE prepared and distributed first draft of levy limit report.	School Board approved preliminary levy amount at the maximum.	County mailed “Proposed Property Tax Statements” to all property owners.	Truth in Taxation meeting with time for public comment on proposed levy; School Board certifies final levy amount.

Proposed Property Tax Levy

PRELIMINARY ANALYSIS - FOR DISCUSSION ONLY

Chisago Lakes School District #2144

Comparison of Proposed Tax Levy Payable in 2025 to Actual Levy Payable in 2024 by Fund
Using Final Levy Payable in 2024 as Base Year

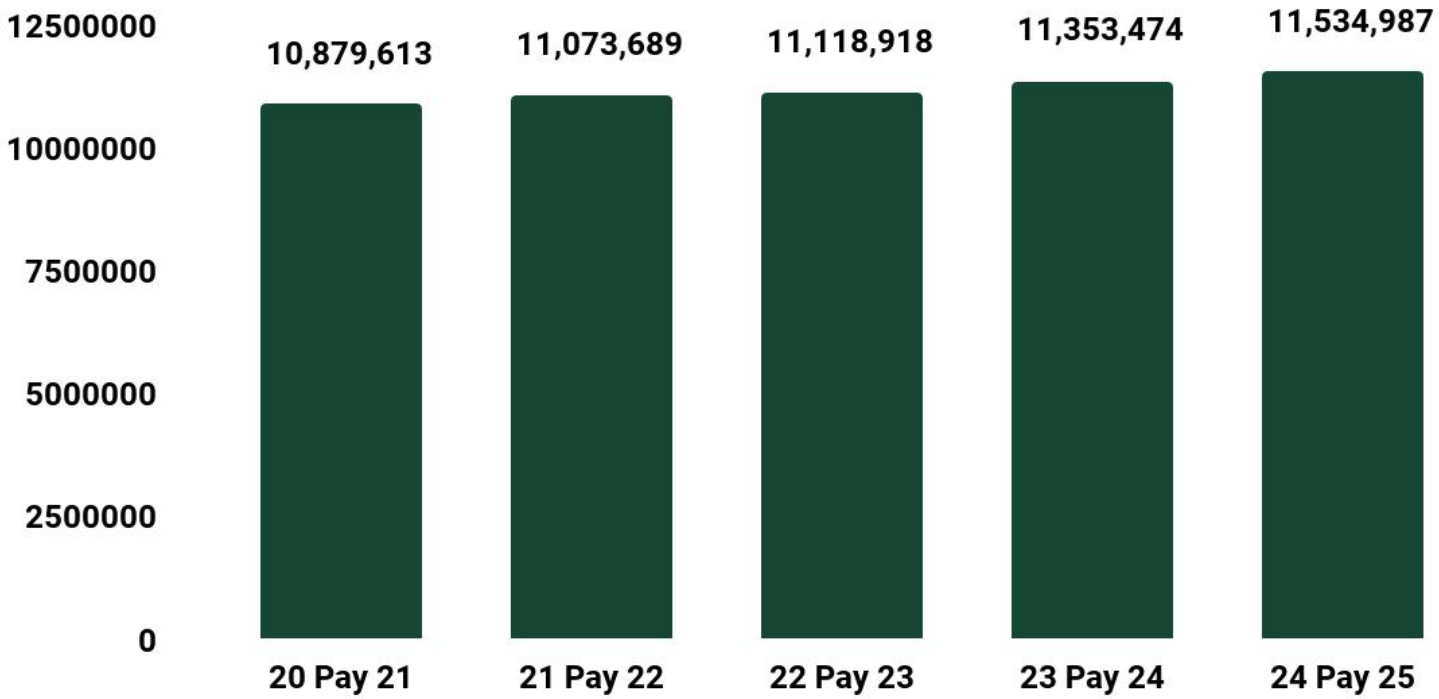
	2024 Final Levy	2025 Preliminary Proposed Levy	Change from Prior Year	Percent Change
General Fund				
1 Voter Approved Referendum	$ 797,035.50	$ 788,843.25	$ (8,192.25)	
2 Equity	$ 557,938.97	$ 551,830.26	$ (6,108.71)	
3 Local Optional Revenue	$ 2,565,752.61	$ 2,615,692.55	$ 49,939.94	
4 Transition	$ 36,132.28	$ 35,760.89	$ (371.39)	
5 Operating Capital	$ 380,324.56	$ 444,987.18	$ 64,662.62	
6 Alt Teacher Comp (Q Comp)	$ 301,864.89	$ 283,640.92	$ (18,223.97)	
7 Reemployment Ins	$ 43,572.27	$ 2,782.31	$ (40,789.96)	
8 Safe Schools	$ 130,787.28	$ 128,166.12	$ (2,621.16)	
9 Career Technical	$ 383,950.00	$ 383,950.00	$ -	
12 LT Facilities	$ 643,019.57	$ 593,450.55	$ (49,569.02)	
14 Lease Levy	$ 120,069.36	$ 163,473.23	$ 43,403.87	
15 General Fund Adjustments	$ 118.34	$ 1,097.09	$ 978.75	
Total General Fund Levy	**$ 5,960,565.63**	**$ 5,993,674.35**	**$ 33,108.72**	**0.56%**
Community Service Fund				
1 Basic Community Education	$ 147,580.07	$ 152,559.96	$ 4,979.89	
2 Early Childhood Family Education	$ 74,827.69	$ 92,330.26	$ 17,502.57	
3 Home Visiting	$ 2,969.72	$ 3,305.28	$ 335.56	
4 Adults with Disabilities	$ 2,361.28	$ 2,451.69	$ 90.41	
5 School Age Care	$ 106,715.18	$ 48,518.44	$ (58,196.74)	
6 CE Adjustments	$ 4.66	$ 59.21	$ 54.55	
Total Community Service Fund Levy	**$ 334,458.60**	**$ 299,224.84**	**$ (35,233.76)**	**-10.53%**
Debt Service Fund				
1 Voter Approved Debt Service	$ 4,989,961.00	$ 4,993,636.00	$ 3,675.00	
2 LT Facilities Debt Service	$ 346,324.73	$ 356,535.58	$ 10,210.85	
3 Reduction for Excess Fund Balance	$ (278,718.05)	$ (109,073.74)	$ 169,644.31	
4 Debt Service Fund Adjustments	$ 882.30	$ 989.68	$ 107.38	
Total Debt Service Fund Levy	**$ 5,058,449.98**	**$ 5,242,087.52**	**$ 183,637.54**	**3.63%**
Total Certified Levy	**$ 11,353,474.21**	**$ 11,534,986.71**	**$ 181,512.50**	**1.60%**

Explanation of Levy Changes

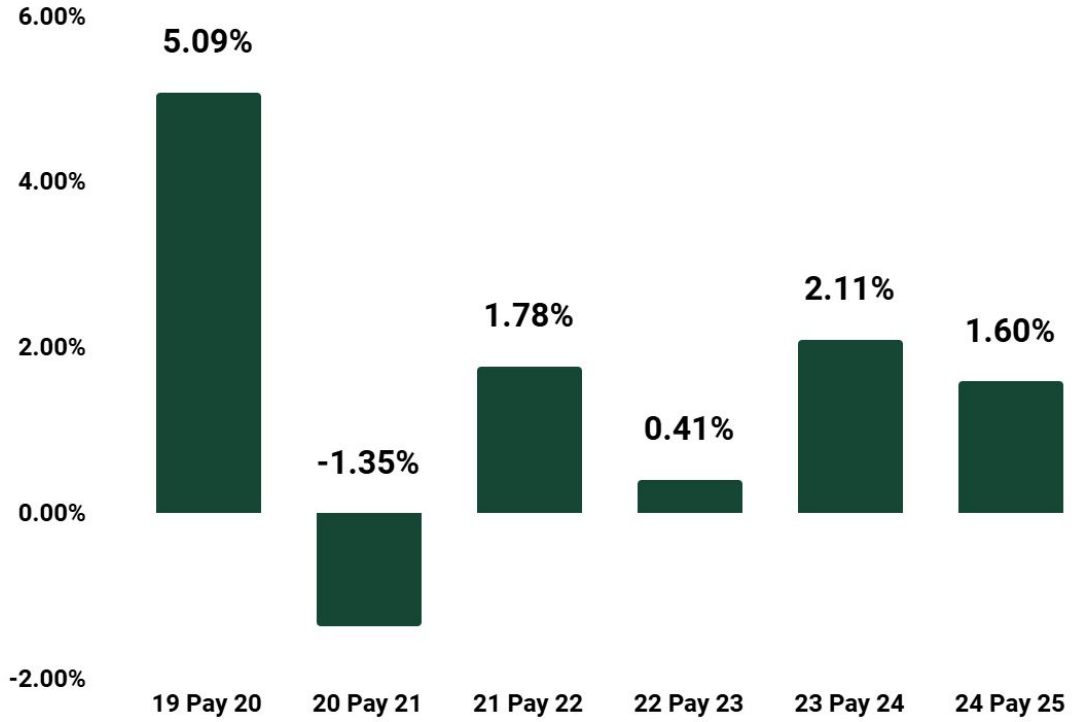
Changes in categories due to:

- Changes in enrollment
- Change in building age
- Change in prior levy to actual cots
- Change in legislation
- Change in debt service scheduled payments

Levy Limitation Amounts



Levy Limitation Amounts



Factors Impacting Taxpayers' School Taxes

Many factors can cause an increase or decrease from year to year to a taxpayer's property taxes.

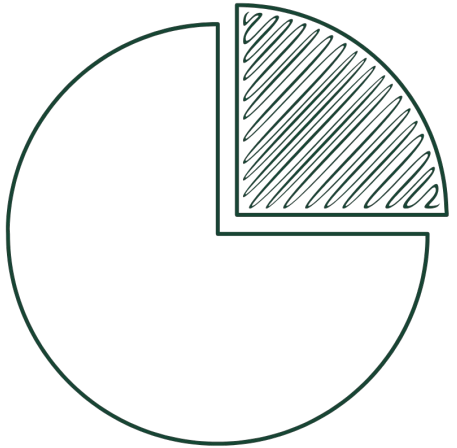
- Changes in value of individual property
- Changes in total value of all property in District
- Increases or decreases in levy amounts caused by changes in state funding formulas, local needs and costs, voter-approved referendums, and other factors

Impact of Property Valuations

- Each property owner pays a portion of the pie
- Property values do not change uniformly across all properties
- The burden of the levy shifts from taxpayers with lower increases to those with higher increases

High Market Value Increase = Bigger Slice

Lower Market Value Increase = Smaller Slice



Impact of Property Valuations

Two properties in the district

- Both houses are valued at $100,000

Total Levy of $500

- Each property will pay $250 of levy







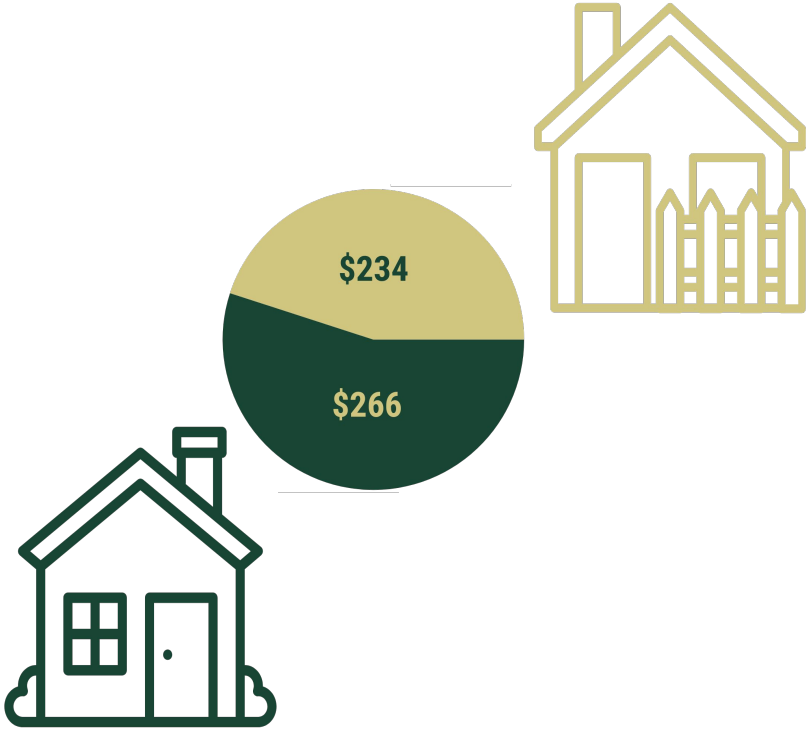
Impact of Property Valuations

Two properties in the district

- Gold house value increase by 10%
- Green house value increase by 25%

Total Levy of $500

- School District will still generate the same amount of levy even though values increased
- Gold house pays less
- Green house pays more



Minnesota Special Property Tax Refund

Minnesota Homestead Credit Refund and Property Tax Refund

Consult with your tax professional for more information and refer to www.revenue.state.mn.us for more information about the M-1PR Form

Next Steps

Next Steps

1

The Board will accept public comments on the proposed levy.

2

The Board will certify the 2024 Payable 2025 Property Tax Levy.

Public Comments