PELICAN RAPIDS VIKINGS

PELICAN RAPIDS PUBLIC SCHOOLS

Truth in Taxation

Data sourced from MDE, MN Dept of Revenue, MN House Research
And Pelican Rapids Public Schools

MREA
Voice For Greater Minnesota Education

PUBLIC HEARING

2025-26 Budget & Proposed 2026 Property Taxes

PELICAN RAPIDS PUBLIC SCHOOLS

December 15, 2025

TODAY'S AGENDA

Factors Affecting Taxes

- Big Picture
- Your Property Classification and Value
- School District Factors Affecting Pay '26
- Putting it All Together and Questions

Big Picture



Why have a Truth in Taxation Meeting?

- **Truth in Taxation Law, passed in 1989 MS 275.065**
- **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 2026 levy
   - Fiscal year 2026 budget
   - Public comments

This is the school district's annual required hearing

Who sets the School Levy?

Components of a District Tax Levy are either:

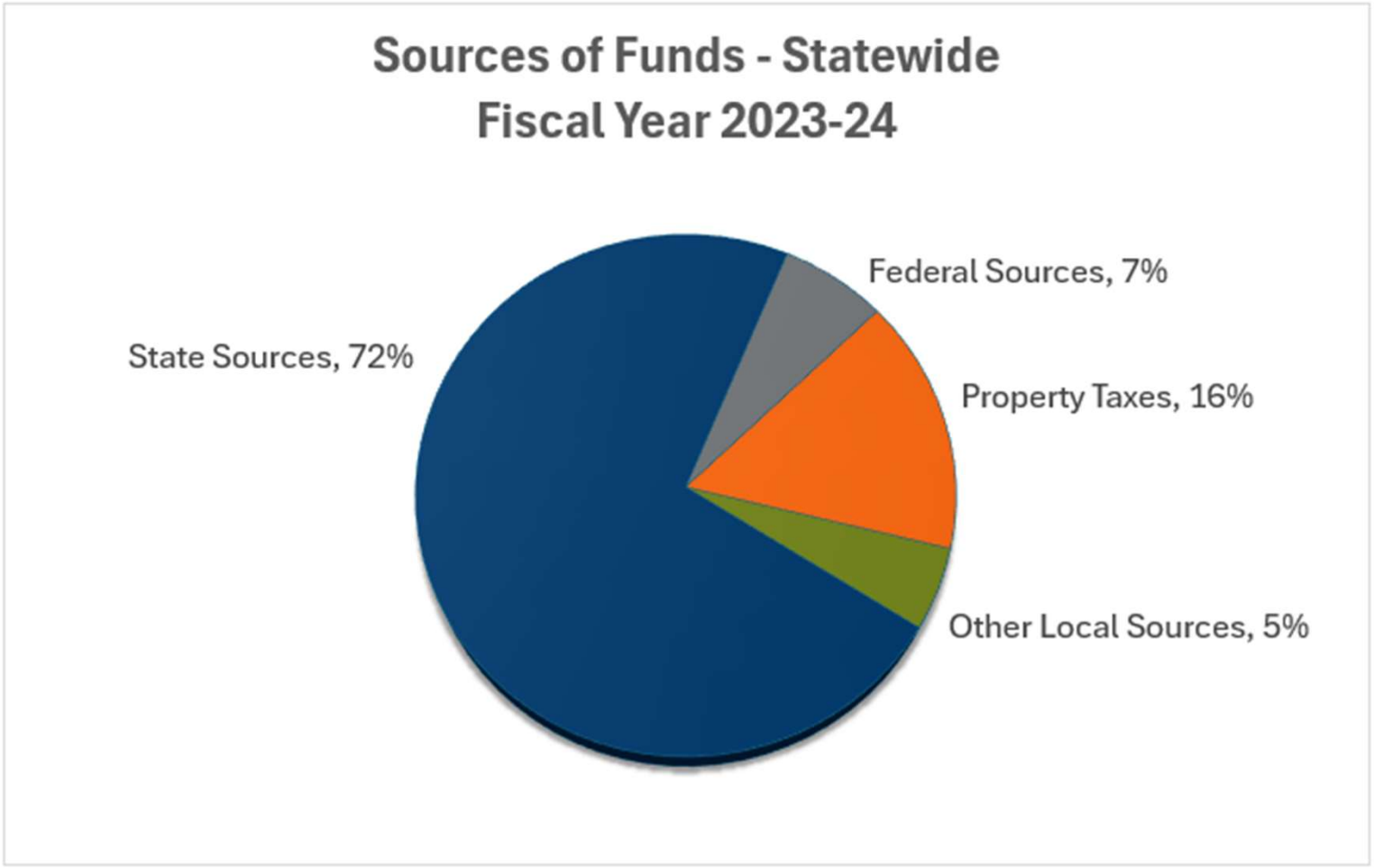
- **State Formula Set By Legislature**
  - General Education Formula, Operating Capital, Career & Technical, Reemployment, etc.
- **Voter Approved as Authorized by the State**
  - Operating Referendum or Building Bonds

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*.

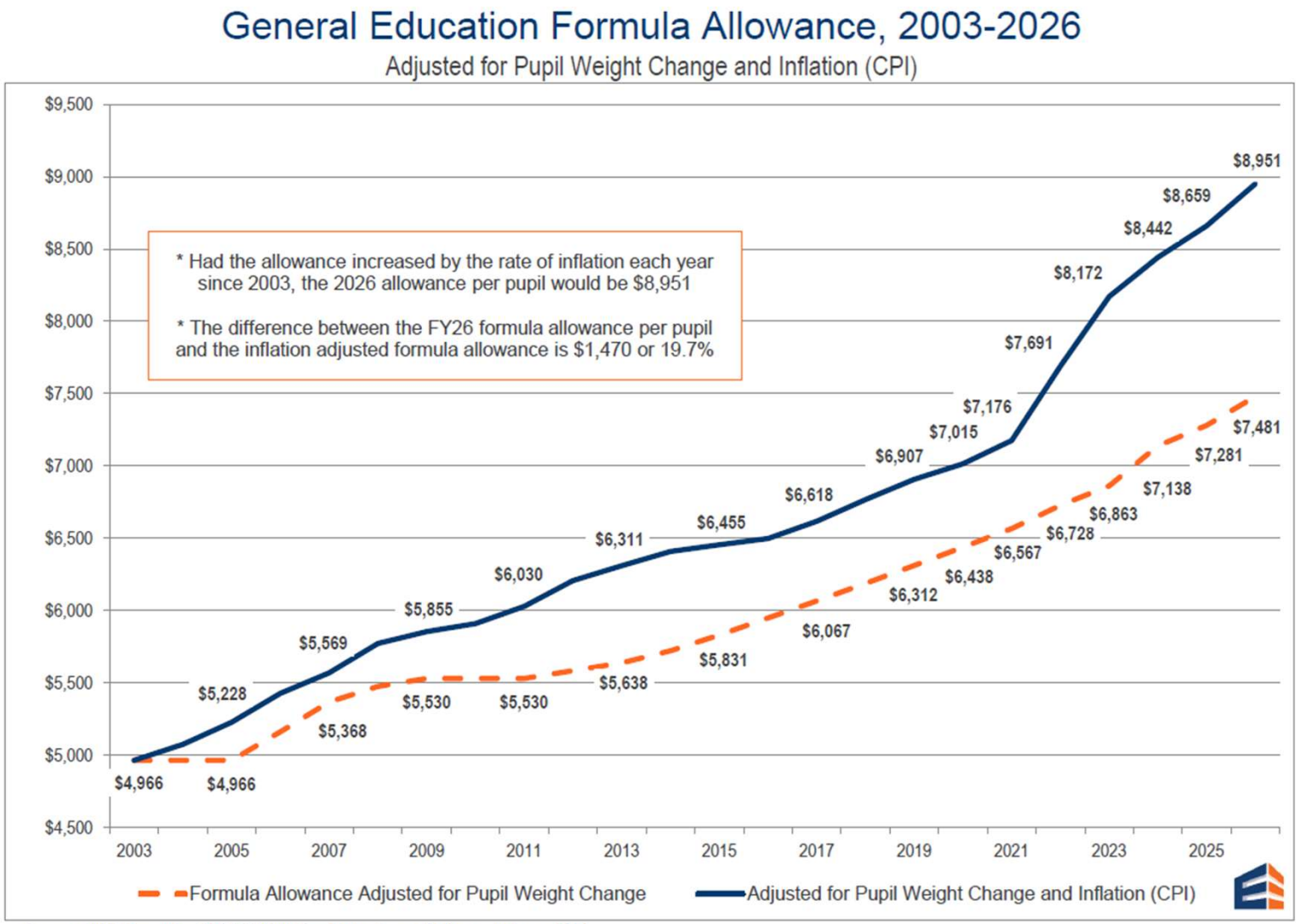
*Certain levies are spread based on Market Value rather than tax capacity.

Sources of General Funds Across the State



Source: MDE 2024 Consolidated Financial Report

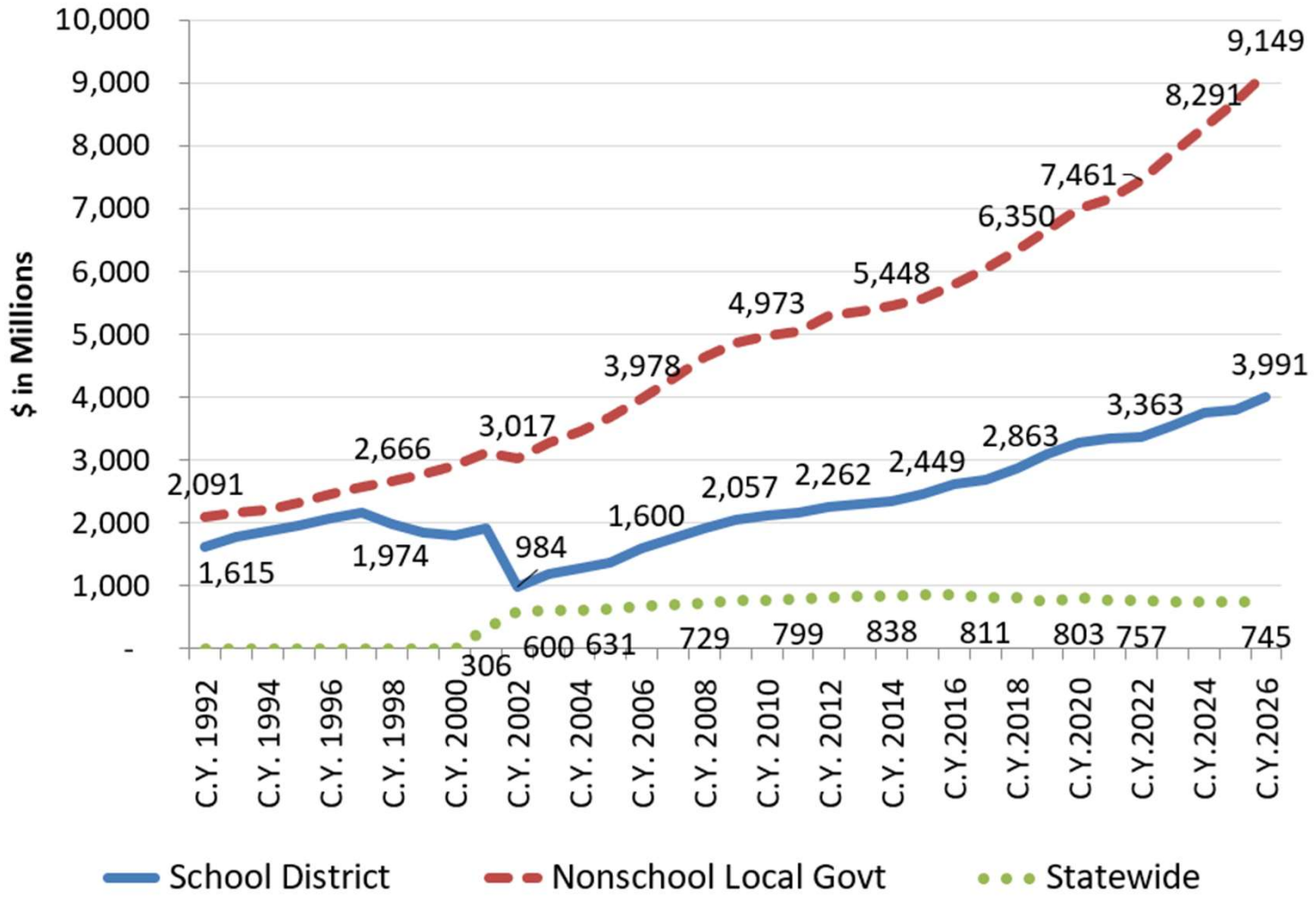
Funding will trail inflation by $1,470 per pupil in FY26



Source: MDE December 2024 CPI Inflation Estimates and Minnesota Laws 2023

Property Tax Levies: School vs Non School

Payable 1992-2026



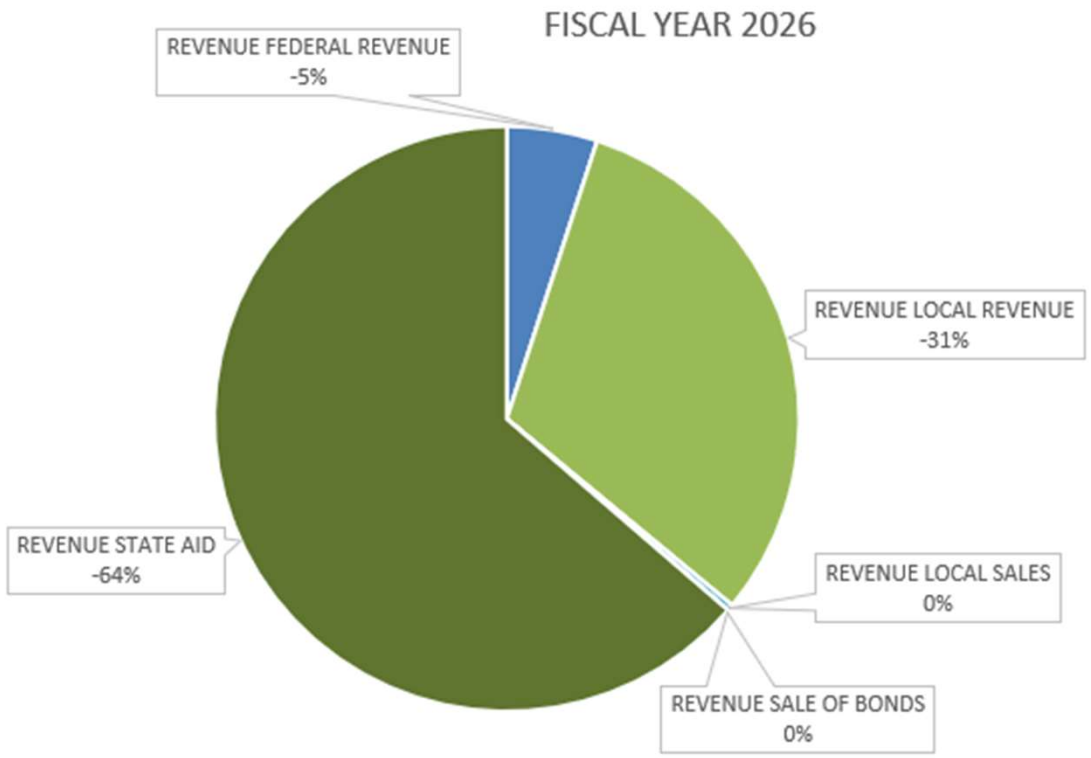
Source: MDE

25-26 School Year Budget

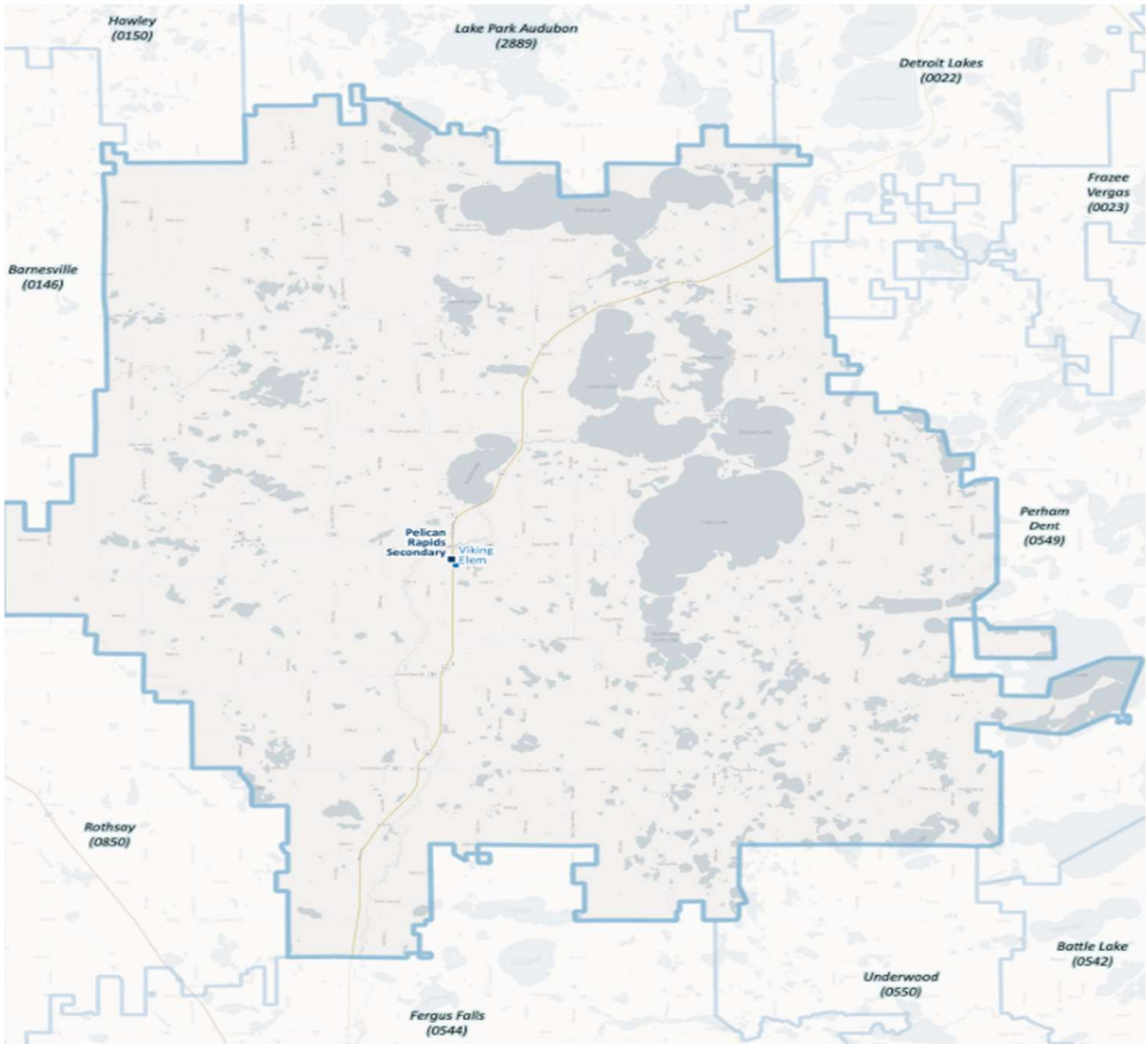
FISCAL YEAR 2026				
FUNDS	**STARTING BALANCE**	**REVENUE**	**EXPENSES**	**ENDING BALANCE**
GENERAL FUND	$3,277,246	$12,616,315	($12,650,914)	$3,242,647
FOOD SERVICE	$513,576	$949,033	($992,366)	$470,242
COMMUNITY SERVICE	$148,135	$407,162	($403,485)	$151,812
CONSTRUCTIONS	$0	$0	$0	$0
DEBT SERVICE	$183,196	$2,277,945	($2,021,419)	$439,722
TRUST	$77,979	$12,500	($23,500)	$66,979
STUDENT ACTIVITIES	$241,040	$72,000	($68,000)	$245,040
OPEB	$0	$0	$0	$0
OPEB DEBT	$0	$0	$0	$0
ENDING BALANCE	**$4,441,172**	**$16,334,954**	**($16,159,683)**	**$4,616,442**

25-26 School Year Budget

SCHOOL DISTRICT NOTE: LEVY ACCOUNTS FOR 31% OF TOTAL REVENUE



Property Classifications and Value



Know Your Valuation

- ❑ Property classification and market value
- ❑ Sent Spring 2025; cannot change value
- ❑ Watch for 2026 statement for 2027 in SPRING and where to appeal

PROPOSED TAXES 2026

THIS IS NOT A BILL. DO NOT PAY.

Step 1 — VALUES AND CLASSIFICATION

Taxes Payable Year	2025	2026
Estimated Market Value	$125,000	$150,000
Homestead Exclusion	$	$33,050
Taxable Market Value	$125,000	$116,950
Class	Res NHmstd	Res Hmstd

Step 2 — PROPOSED TAX

Property taxes before credits	$1,479.52
School building bond credit	$ 12.00
Agricultural market value credit	
Other credits	
Property taxes after credits	$1,467.52

Step 3 — PROPERTY TAX STATEMENT

Coming in 2026

The time to provide feedback on PROPOSED LEVIES is NOW

It is too late to appeal your value without going to Tax Court.

Effective Tax Rates

Property Classification	2025
Farm	0.41%
Seasonal Rec	0.74%
Residential Homestead	1.15%
Apartment	1.43%
Public Utility	2.44%
Commercial-Industrial	2.90%

Source: MN Dept of Revenue

Share of Tax Liability

Property Classification	Market Value Share (2024 Assessment)	Share of Net Taxes (Payable in 2025)
Farms	20.0%	6.8%
Seasonal Rec Residential	4.0%	2.5%
Commercial and Industrial	11.4%	26.2%
Residential Homes	57.0%	54.8%
Other Residential	6.4%	7.5%

Source: MN Dept of Revenue

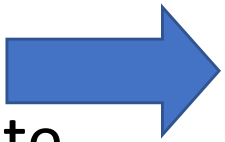
Ag2School Ag & Rural Land Tax Credit

- 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 2026
- The revenue for Ag2School comes from state income, sales and other tax revenue

Find Your Ag2School Credit

Tax Statement (sample)

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification
- Mailed by each county no later than March 31.



Tax Detail for Your Property:

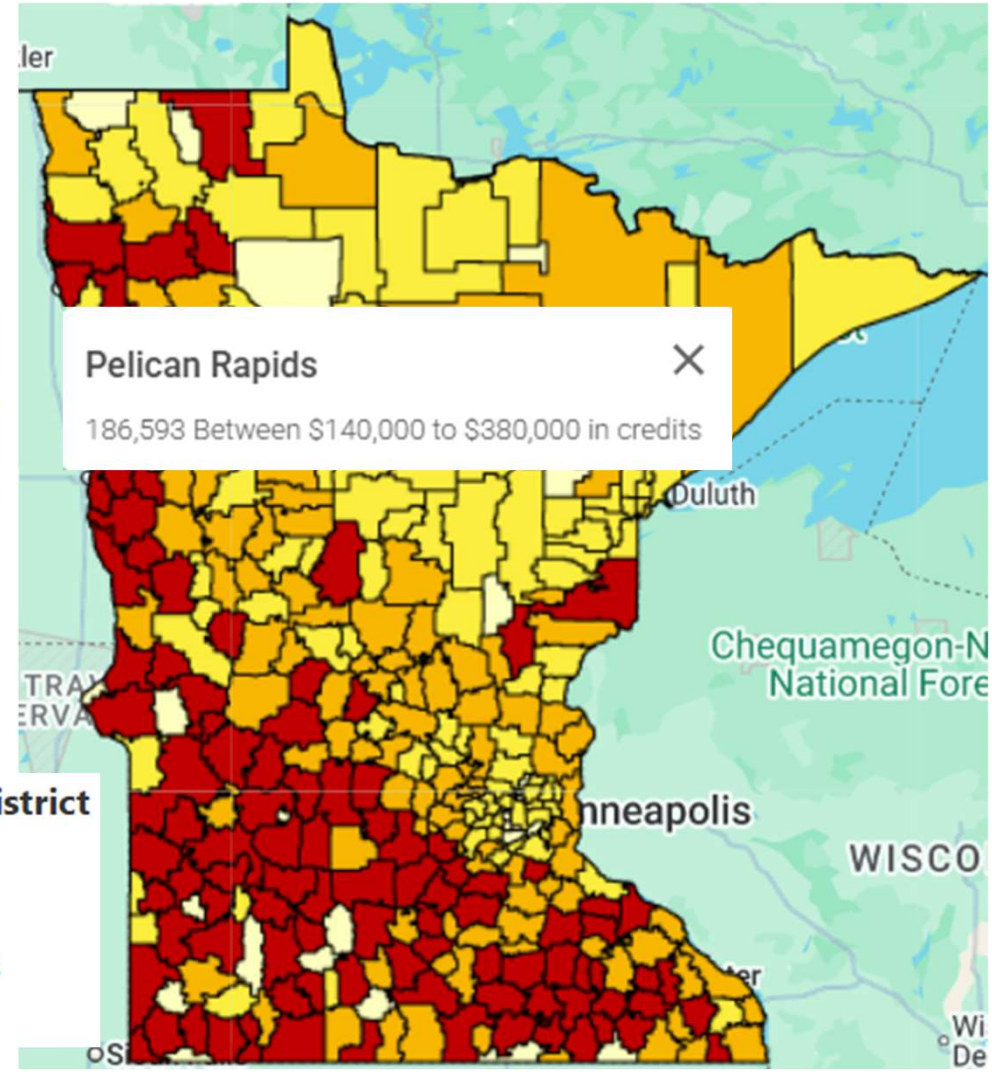
Taxes Payable Year:	2025	2026
1. Use this amount on Form M1PR to see if you are eligible for a homestead credit refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	☐	$1,524.26
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	$1,422.08	
Property Tax and Credits		
3. Property taxes before credits	$1,422.08	$1,524.26
4. Credits that reduce property taxes		
A. Agricultural and rural land credits	$0.00	$0.00
B. Taconite tax relief	$0.00	$0.00
C. Other credits	$0.00	$0.00
5. Property taxes after credits	$1,422.08	$1,524.26
Property Tax by Jurisdiction		
6. County	$438.06	$474.18
Regional Rail Authority	$5.96	$6.18
7. City or Town	$273.79	$302.06
8. State General Tax	$0.00	$0.00
9. School district		
A. Voter approved levies	$289.35	$296.68
B. Other local levies	$340.11	$364.60

Ag2School Ag Land Credit Pay ‘25

How does your school district compare?

in total Ag2School credit?

[View Interactive Map]



Source: MN Dept of Education

EQUALIZATION FACTORS FOR
LOR & Operating Referendums

	LOR & Referendum Allowance Levels	Equalizing Factors
Tier 1 LOR	Up to $300/pupil	$880,000/RPU
Tier 2 LOR	$300 up to $724/pupil	$671,345/RPU
Tier 1 Op Ref	Up to $460/pupil	$567,000/RPU
Tier 2 Op Ref	$460 up to $1,556.75/pupil	$290,000/RPU

Ag Land and Seasonal Rec Properties are exempt from Op Ref and LOR levies.

EQUALIZATION FACTORS FOR
LOR & Operating Referendums

YEAR	MARKET VALUE	REFEREDUM MARKET VALUE	EXCLUDED	% EXCLUDED
2020	$2,022,271,997	$731,404,090	$1,290,867,907	63.83%
2021	$2,120,790,702	$770,376,920	$1,350,413,782	63.68%
2022	$2,630,301,701	$934,790,725	$1,695,510,976	64.46%
2023	$2,940,646,603	$1,053,608,250	$1,887,038,353	64.17%
2024	$3,282,087,103	$1,134,521,801	$2,147,565,302	65.43%

Ag Land and Seasonal Rec Properties are exempt from Op Ref and LOR levies.

School Factors Affecting Pay ’26 Levies



Pelican Rapids Funding History

Year	Type	Amount	Duration	Outcome
2006	Building bond referendum	$33,000,000	10	Failed
2008	Operating levy referendum	$1100/pupil	10	Failed
2009	Operating levy referendum	$900/pupil	5	Failed
2009	Operating levy referendum	$200/pupil	5	Failed
2010	Operating levy referendum	$700/pupil	8	Failed
2011	Operating levy referendum	$600/pupil	5	Passed
2013	Building bond referendum	$21,950,000	20	Passed
2016	Facilities maintenance bonds	$2,000,000	10	Board-Issued
2016	Refunding bonds	$1,700,000	10	Board-Issued
2019	Operating levy referendum	$315/pupil	10	Passed
2022	Tax abatement bonds	$1,430,000	10	Board-Issued



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 FY ‘25

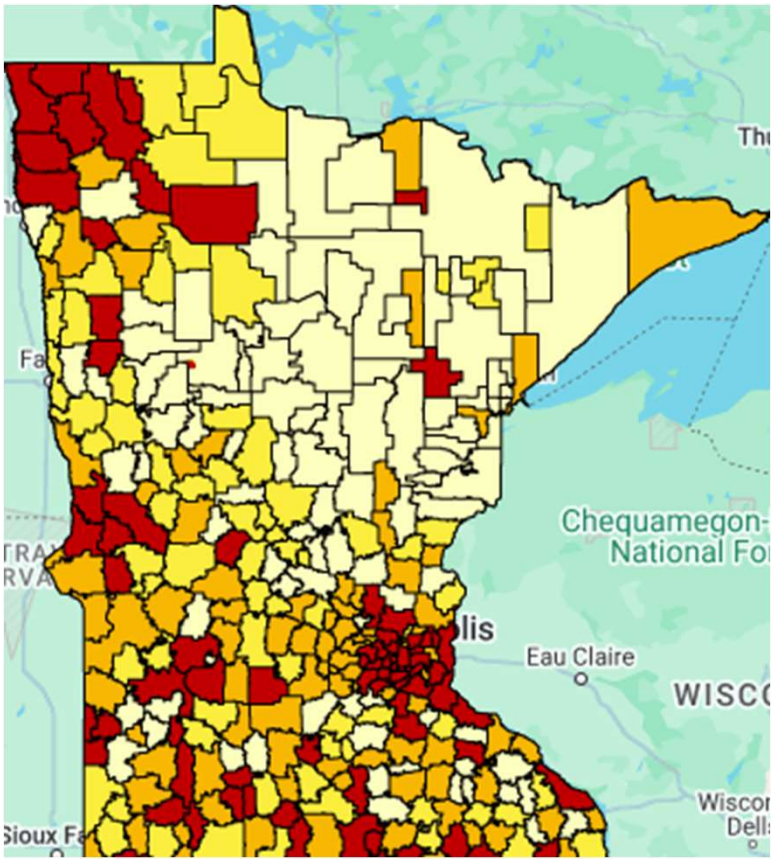
How does our district compare in Operating Referendum Revenue?
MREA Maps (mreavoice.org)

Our District:
$315 per APU

Median district: $513

Upper Quartile of Referendums>$1025

94 districts: $0



District Operating Referendum per APU FY25
- No Operating Referendum
- Below District Median of $513/Pupil
- Above District Median of $513/Pupil
- Well Above Median/Pupil

FY ‘27 Property Wealth Picture for Operating Referendums & LOR

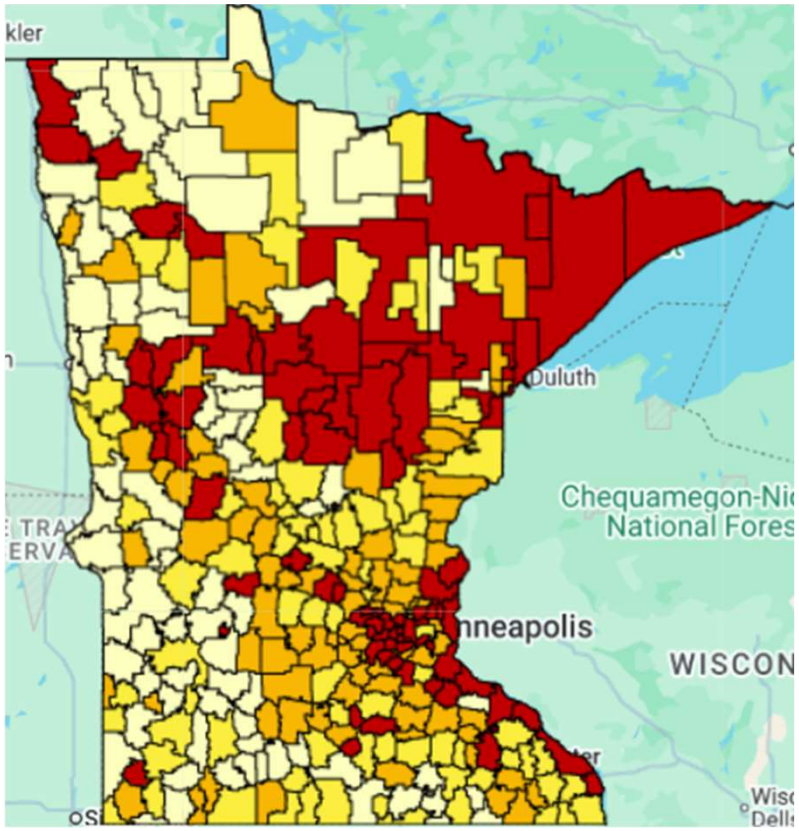
How does our district compare in Referendum Market Value per Residential Pupil Unit?
([View MREA Interactive Map)](#)

Our District:

$ 1,243,448 per RPU

Median District:

$723,714/RPU



Referendum Market Value (RMV) per Referendum Pupil Units (RPU)

- Lowest Quartile of RMV/RPU
- Less than the Median RMV/RPU
- Greater than the Median RMV/RPU
- Greatest Quartile of RMV/RPU

Putting it All Together



OUR MISSION

Pelican Rapids Public Schools is committed to providing a variety of high-quality academic, arts, and athletic programs in a unique rural setting.

OUR BELIEF

We believe that education is a partnership between students, families, schools, and community and that our:

- students are our top priority
- highly qualified staff provide a positive and rigorous learning environment for academic excellence
- rich diversity provides students with real-world perspectives and experiences students are prepared for post-secondary education, the workforce, and lifelong learning

PRIORITIES

- Community engagement
- Educate the whole child
- Increase student enrollment
- Sound and transparent financial practices

DISTRICT GOALS

Goal 1: 75% of students are ready for kindergarten based on teacher assessment.

Goal 2: MCA reading and math proficiency rates for FRP (free/reduced price) students will increase by 3% per year.

Goal 3: 100% of students graduating from Pelican Rapids High School have a plan to attend postsecondary education, military, or work force.

Goal 4: Pelican Rapids High School graduation rate will exceed the statewide graduation rate.

Long-Term Facility Maintenance

Included in School Property Taxes for Pay '25

- School Board and MDE approved 10-year facility maintenance plan, including:
  - Project 1 — Roof Project (Pending Approval)

- LTFM Revenue: $ 903,238
  - State share (Aid): $ 0.00
  - Local share (levy): $ 903,238

- Reflected in "Proposed Property Tax Notice" under "Other Levies"

Proposed Pay ’26 Levy

CERTIFICATION FOR PELICAN RAPIDS PUBLIC SCHOOL

Fund	Pay ’26 Levy	Increase/ (Decrease) from Pay ‘25	Percent Change
General	1,749,882.69	(30,982.70)	-1.74%
Community Edu.	274,410.26	56,248.57	25.78%
Debt Service	2,276,431.00	(1,514.67)	-0.07%
TOTAL	4,300,723.95	23,751.20	0.56%

Ag2School 70% Credit of $186,593 offsets the General Debt Service Levy for famers and timber landowners



More Information

State of Minnesota for Property Tax Relief

1-800-652-9094

County Auditor

Phone: 218-998-8030

Email: auditor@ottertailcounty.gov

School District Contact

Rudy Martinez

Email: Rmartinez@pelicanrapids.k12.mn.us

QUESTIONS?

THANK YOU.