

PUBLIC HEARING
2021-22 Budget
& Proposed 2022
Property Taxes



NRHEG Public Schools
December 20, 2021 6:00 pm
Secondary School Media

Why have a Truth in Taxation Meeting?

- Truth in Taxation Law, passed in 1989
- Two major requirements:

1. Tax Statements

Counties must send out proposed property tax statements in November based on preliminary 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 2021 levy
- Fiscal year 2021 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:

- **Set By State Formula 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?

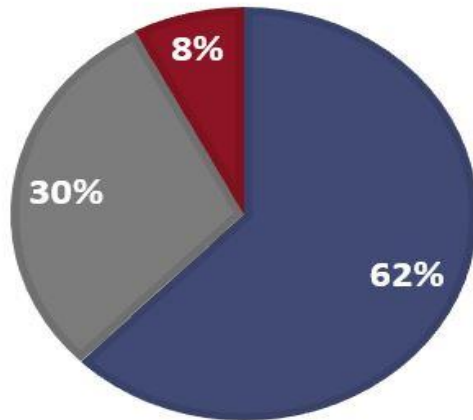
- County Assessor determines market value for each parcel of property.
- MN Legislature sets formulas for Tax Capacity. These formulas determine how the tax burden is split on different types of property (residential, commercial, ag, etc.).
- County Auditor calculates the tax capacity for each parcel 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.

State Aid Impact

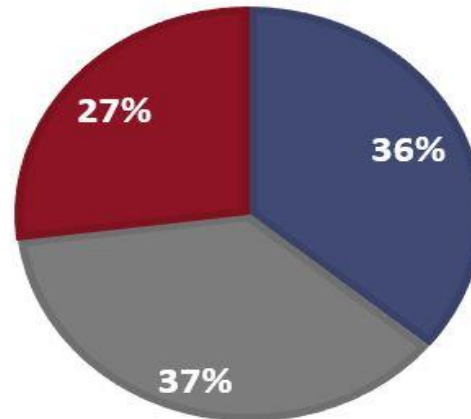
WHO COLLECTS

- State
- Non-Local School
- School District

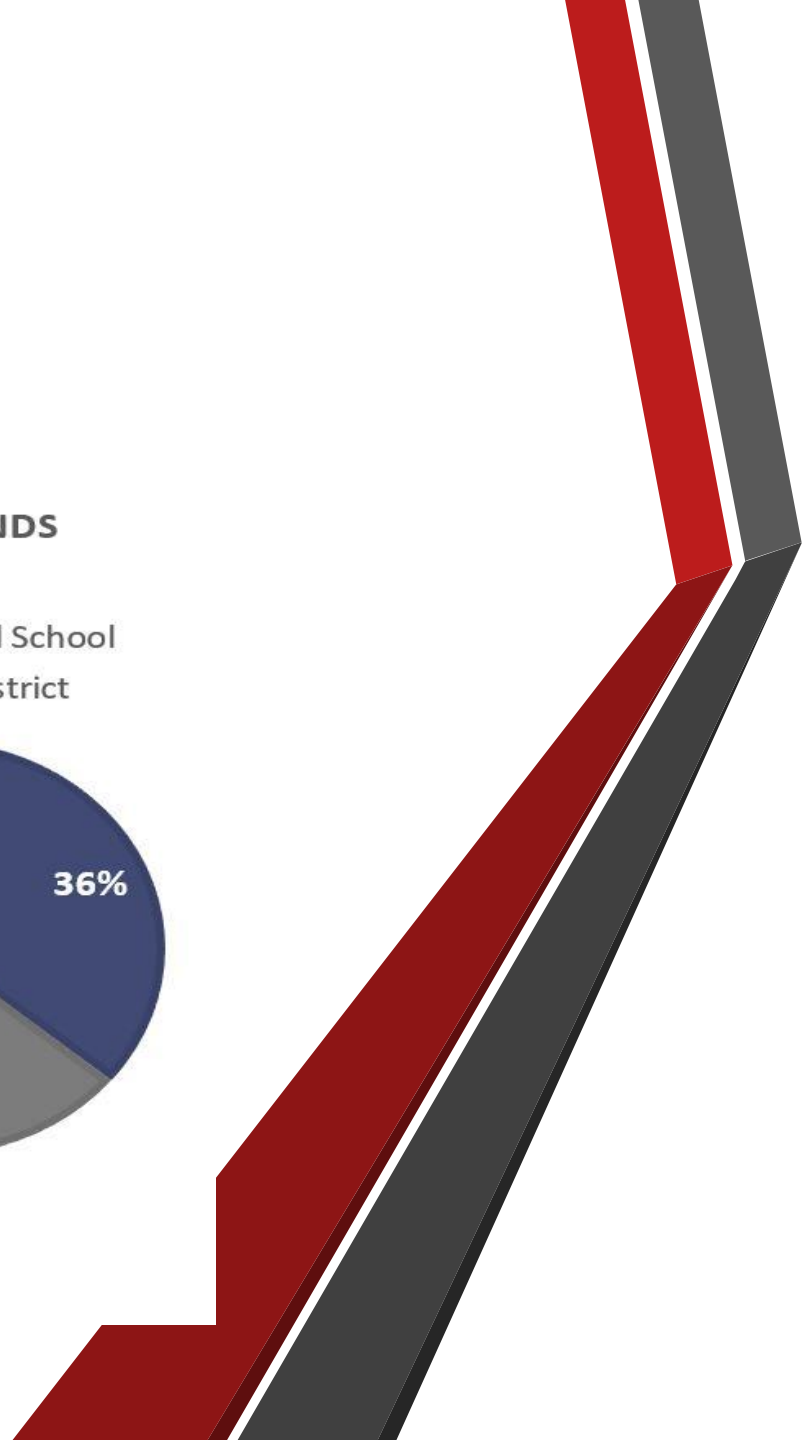


WHO SPENDS

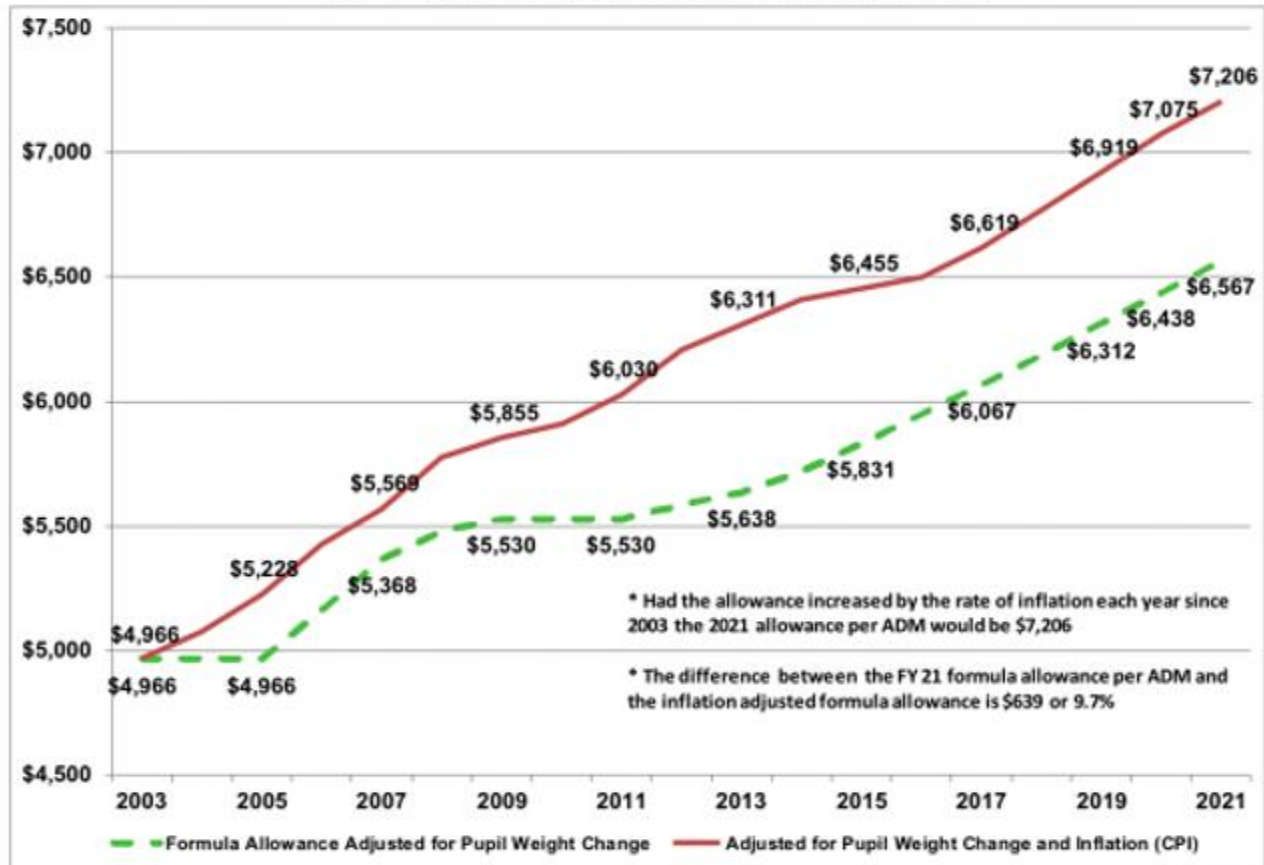
- State
- Non-Local School
- School District



(Data source, MN Department of Management and Budget-Price of Government, 2021)



General Education Formula Allowance, 2003-2021 Adjusted for Pupil Weight Change and Inflation (CPI)



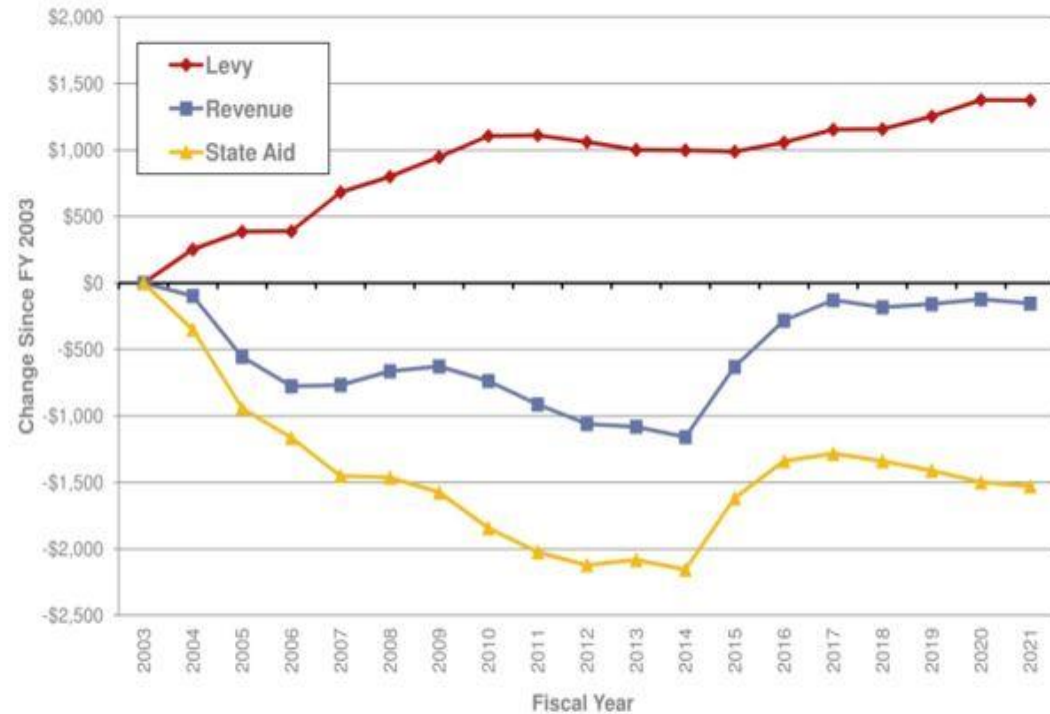
Source: MDE August 2019 Inflation Estimates

 Association of Metropolitan School Districts
 

Funding trails inflation by \$639 per pupil since 2003, \$568 million annually.

Statewide Aid, Levies, Revenue

Constant FY 2020 Dollars Per Pupil



(Analysis by MREA, 2019, Data from MDE)

mreavoice.org

**Increases in Local Operating Referendum
needed to replace decline in formula buying power.**



NRHEG School District Budget

Current School Year

2021-2022



FY22 Budget

<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net</u>
General	\$9,883,816	\$10,073,136	(\$189,320)
Food Service	\$506,700	\$506,597	\$103
Community Education	\$326,611	\$313,286	\$13,325
Debt Service	\$758,690	\$746,830	\$11,860
Scholarship Trust	\$675	\$1,000	(\$325)
Student Activity	<u>\$68,800</u>	<u>\$68,800</u>	<u>\$0</u>
Totals	\$11,545,292	\$11,709,649	(\$164,357)

Property Classifications and Value

Know Your Valuation

- Property classification and market value
- Sent Spring 2021; cannot change value
- Watch for 2022 statement in SPRING and where to appeal

VALUATION NOTICE

2022

2021 Values for Taxes Payable in

Property tax notices are delivered on the following schedule:

Step 1	Valuation and Classification Notice		See Details Below.
	Class: Residential Homestead		
	Estimated Market Value:	\$150,000	
	Homestead Exclusion:	\$23,800	
	Taxable Market Value:	\$126,200	

Step 2	Proposed Taxes Notice	
	2022 Proposed Tax:	<i>Coming November 2021</i>

Step 3	Property Tax Statement	
	1st Half Taxes:	<i>Coming March 2022</i>
	2nd Half Taxes:	
	Total Taxes Due in 2022:	

**The time to appeal or question your
CLASSIFICATION or VALUATION is
NOW!**

Share of Tax Liability

Property Classification	Market Value Share (2020 Assessment)	Share of Net Taxes (Payable in 2021)
Farms	17.7%	6.8%
Seasonal Rec Residential	3.8%	2.6%
Commercial and Industrial	14.6%	32.6%
Residential Homes	49.8%	43.4%
Other Residential	14.1%	14.5%

Ag2School Tax Credit

- Permanent law enacted in 2017
- Affects all existing Fund 7 debt levies, except OPEB bonds
- Reductions for farmers and timber owners
- Scheduled to scale to 70% in 2023
- The revenue for Ag2School comes from state income, sales and other tax revenue

Find Your Ag2School Credit

Truth in Taxation Notice:

- Calculated on each parcel statement
- Sum all parcels for total
- Because paid by state, it does not show up on Levy Certification Report

PROPOSED TAXES 2022		
THIS IS NOT A BILL. DO NOT PAY.		
Step	VALUES AND CLASSIFICATION	
1	<u>Taxes Payable Year</u>	<u>2021</u> <u>2022</u>
	Estimated Market Value	\$125,000 \$150,000
	Homestead Exclusion	\$ \$23,800
	Taxable Market Value	\$125,000 \$126,200
	Class	Res NHmstd Res Hmstd
Step	PROPOSED TAX	
2	Property Taxes before credits	\$1,479.52
	School building bond credit	\$ 12.00
	Agricultural market value credit	
	Other credits	
	Property Taxes after credits	<u>\$1,467.52</u>
Step	PROPERTY TAX STATEMENT	
3	Coming in 2022	
The time to provide feedback on PROPOSED LEVIES is NOW		
It is too late to appeal your value without going to Tax Court.		

Your School District Tax Levy

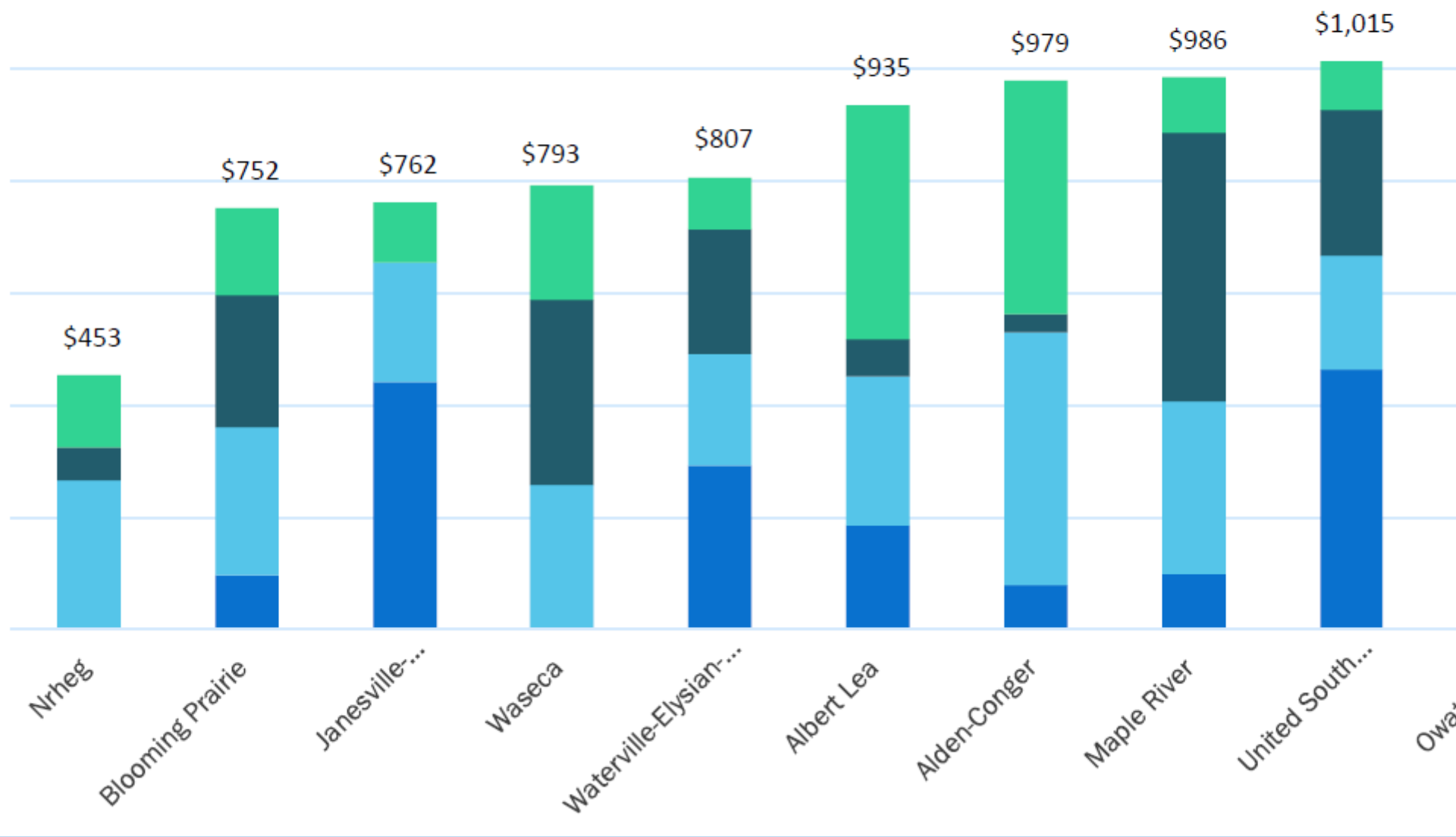
Possible reasons for changes to your parcel:

- 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)

NRHEG School District

Pay 2021 Tax Levies for Residential Homestead

■ RMV Voter ■ RMV Other ■ NTC Voter ■ NTC Other



District Name	Home Value	RMV Voter	RMV Other	NTC Voter	NTC Other
Cheg	195,000	\$ -	\$ 266	\$ 58	\$ 129
ooming Prairie	195,000	\$ 97	\$ 265	\$ 236	\$ 155
nesville-Waldorf-Pemberton	195,000	\$ 442	\$ 212	\$ -	\$ 107
aseca	195,000	\$ -	\$ 258	\$ 330	\$ 205
aterville-Elysian-Morristown	195,000	\$ 293	\$ 200	\$ 221	\$ 94
bert Lea	195,000	\$ 185	\$ 267	\$ 67	\$ 416
den-Conger	195,000	\$ 78	\$ 453	\$ 32	\$ 416
ple River	195,000	\$ 99	\$ 309	\$ 479	\$ 99
nited South Central	195,000	\$ 463	\$ 204	\$ 260	\$ 87
watonna	195,000	\$ 144	\$ 269	\$ 478	\$ 188
Average		\$ 164	\$ 270	\$ 202	\$ 184

Derived from Minnesota Department of Education Pay 2021 School Tax Report

Long-Term Facility Maintenance Included in School Property Taxes for Pay '22

- School Board and MDE approved 10-year facility maintenance plan, including:
 - Project 1 — Secondary Gym Bleachers
 - Project 2 — Secondary Lobby Entrance
- Total LTFM Revenue: \$632,484.17
 - State share (aid): \$ 166,272.33
 - Local share (levy): \$ 466,211.84
 - State share %: .262

 - General Fund LTFM Revenue: \$351,272
 - State share (aid): \$92,345.10
 - Local Share (levy): \$258,926.90
- Reflected in "Proposed Property Tax Notice" under "Other Levies"

Proposed Pay '22 Levy

Certification for NRHEG

Fund	Pay '22 Levy Limit	Increase (Decrease)	Percent Change
General	\$1,113,891.38	\$86,361.00	8.40
Community Ed	\$ 88,950.44	\$ 1,072.79	1.22
General Debt Service	\$ 676,309.92	\$ 1,576.78-	.23-
Total	\$1,879,151.74	\$85,857.01	4.79

Board Resolution

- Whereas, Pursuant to Minnesota Statutes the School Board of NRHEG School District, New Richland, Minnesota, is authorized to make the following proposed tax levies for general purposes:

General	\$1,113,891.38
Community Service	88,950.44
General Debt Service	<u>676,309.92</u>

Total Proposed School Tax Levy \$1,879,151.74

Now Therefore, Be it resolved by the School Board of NRHEG School District, New Richland, Minnesota, that the levy to be levied in 2021 to be collected in 2022 is set at **\$1,879,151.74** The clerk of the NRHEG School Board is authorized to certify the proposed levy to the County Auditor of Waseca County, Minnesota.

QUESTIONS?

