

PUBLIC HEARING

**2021-22 Budget
& Proposed 2022
Property Taxes**

[INSERT SCHOOL DISTRICT NAME HERE]

December 2021

Resources provided by



Why have a Truth in Taxation Meeting?

- **Truth in Taxation Law, passed in 1989**
- **Two major requirements:**
 - 1. Proposed 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 2022 levy
 - Fiscal year 2022 budget
 - Public comments

**This is the school district's
annual required hearing**



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.



Share of Tax Liability

Property Classification	Market Value Share (2021 Assessment)	Share of Net Taxes (Payable in 2021)
Agricultural	80.90%	74.80%
Residential	14.40%	15.80%
Commercial and Industrial	4.40%	8.90%

(Source: Tim Strom- House Legislative Analyst)



School Bldg. Bond Ag Credit

- Permanent law enacted in 2017
- Affects our current bonds levied on the NTC base
 - Applies to our Series 2017A and Series 2018 A bonds
 - Does not apply to our operating levy
- Reductions for land classified as 2a, 2b, 2c
 - All farm land outside of the house, garage, one acre for homesteads
- The revenue for Ag2School comes from state income, sales and other tax revenue



School Bldg. Bond Ag Credit Tax Credit History

Payable Year	Percent Increase	Total Credit Percent
2018	N/A	40%
2019	0%	40%
2020	10%	50%
2021	5%	55%
2022	5%	60%
2023	10%	70%



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 and Building Bonds

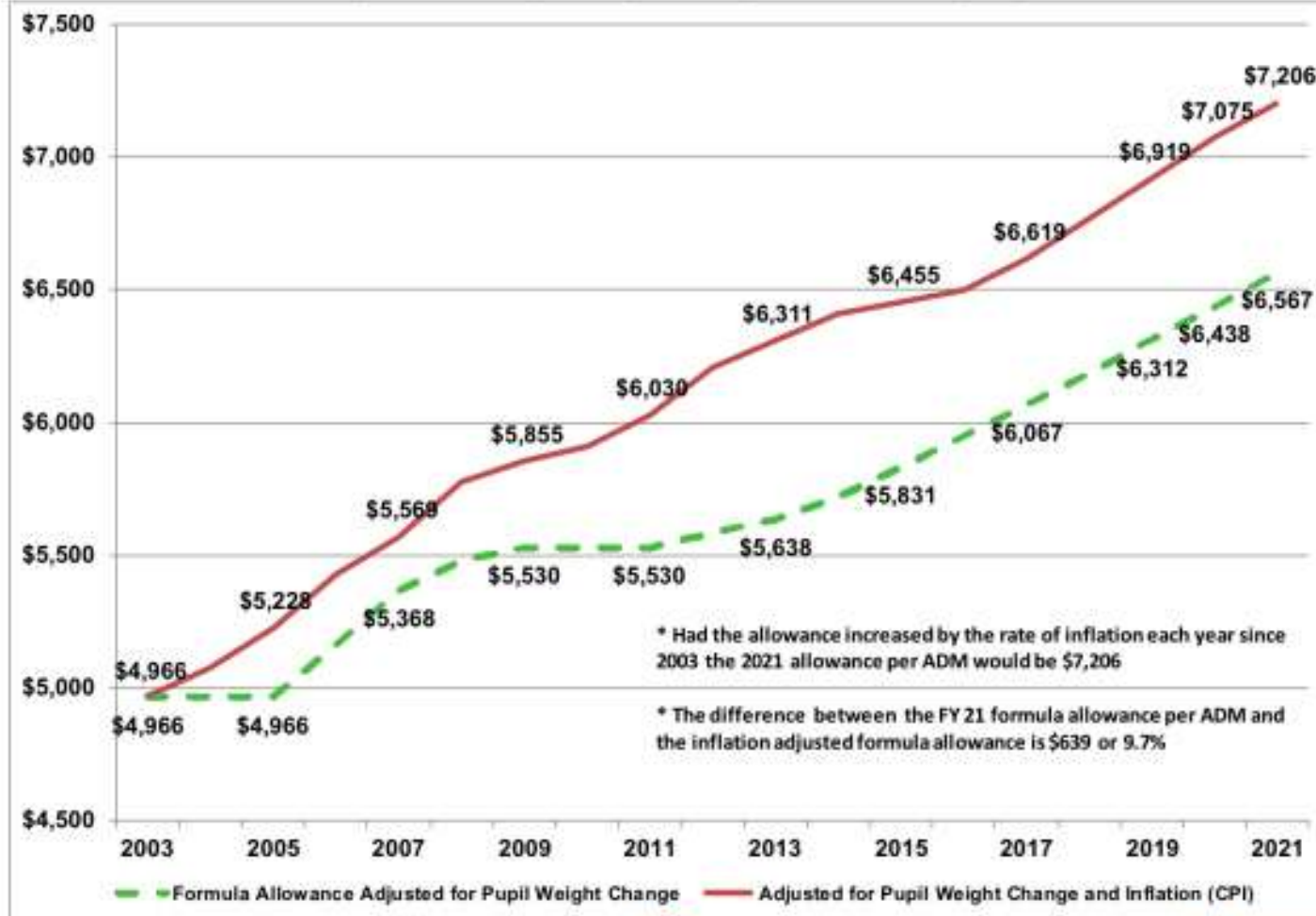


General Ed Formula Allowance

Year	Per Pupil Amount
2015-2016	\$5,948
2016-2017	\$6,067
2017-2018	\$6,188
2018-2019	\$6,312
2019-2020	\$6,438
2020-2021	\$6,567
2021-2022	\$6,728



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

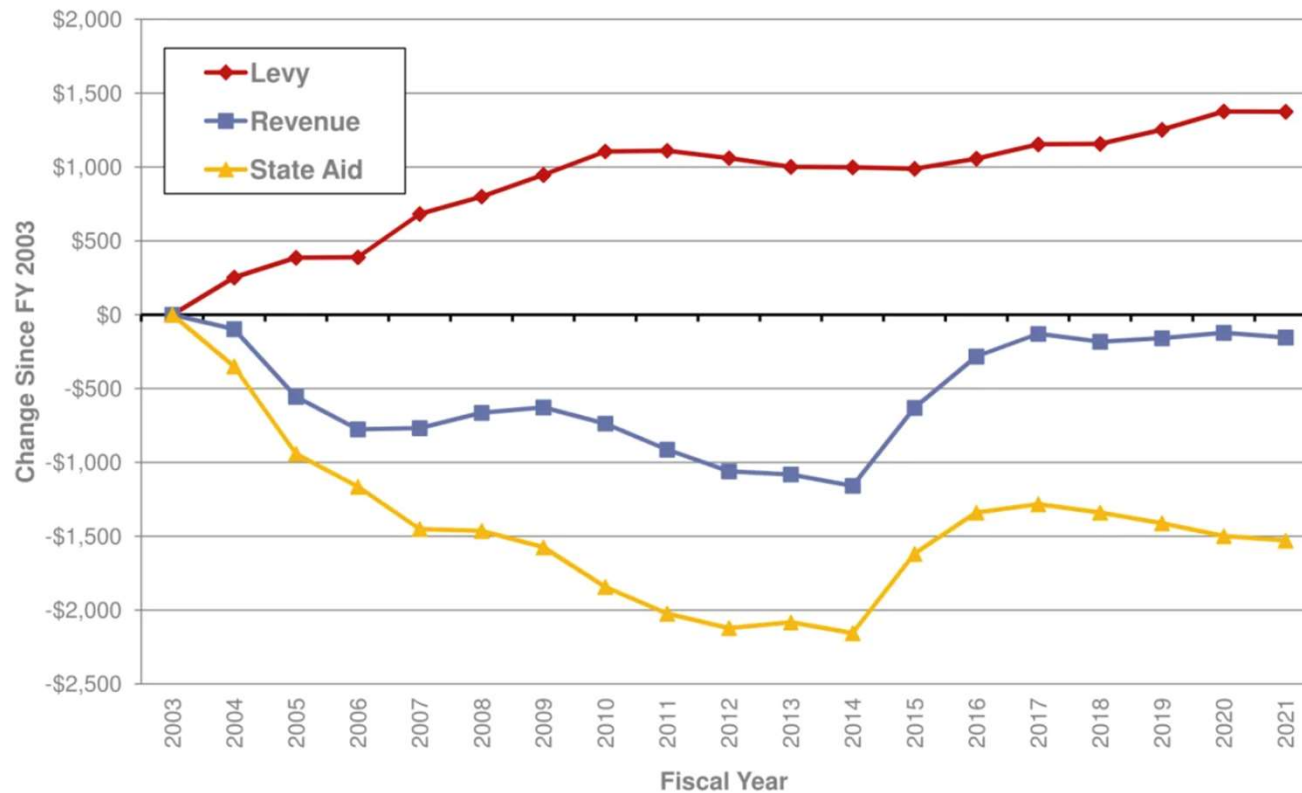


Funding trails inflation by **\$639 per pupil** since 2003, **\$568 million annually**.



Statewide Aid, Levies, Revenue

Constant FY 2020 Dollars Per Pupil



(Analysis by MREA, 2019, Data from MDE)

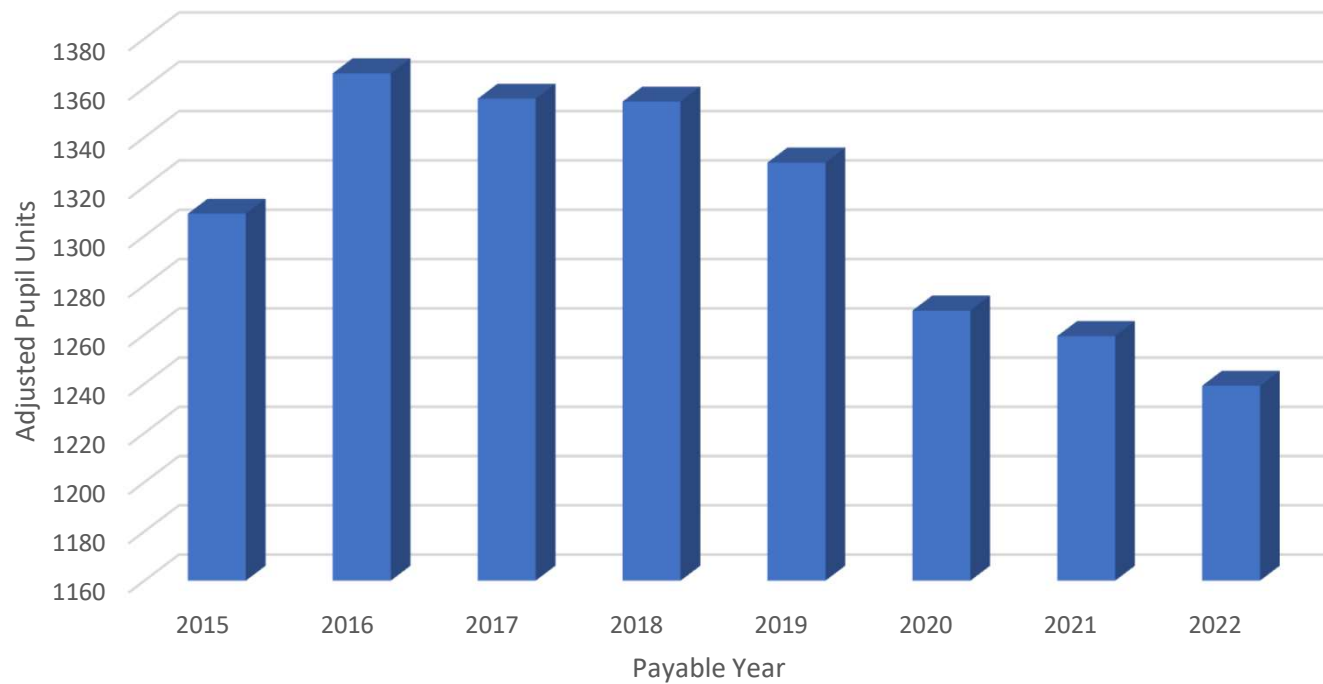
mreavoice.org

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



Luverne Public Schools District

Enrollment Total



	Payable Year							
	2015	2016	2017	2018	2019	2020	2021	2022
Pupil Total	1309.05	1365.9	1355.6	1354.5	1329.7	1269.7	1259.4	1239.2



What's in the Budget

GENERAL FUND - includes Transportation and Capital Outlay Funds

- Added Student Activity and Trust & Agency (Scholarships & Farm)
 - a. Based on student enrollment.
 - b. The local referendum levy is a part of this fund.
 - c. Transportation – to and from school
 - d. Transportation – Special Education
 - e. Provides funding for facilities maintenance and instructional equipment.
 - f. Provides funds for Health and safety code compliance, asbestos removal, and safety requirements.



What's in the Budget

FOOD SERVICE - Food service includes activities for the purpose of preparation and service of milk, meals and snacks.

COMMUNITY EDUCATION

- Community Education
- Early Childhood Family Education
- School Readiness
- Adult Basic Education

DEBT SERVICE - Records revenues and expenditures for the school district's outstanding bonded indebtedness.



21-22 School Year Budget

Fund	Proposed Expenditures
General	\$15,788,116
Food Service	482,307
Transportation	800,911
Community Education	545,477
Debt Service	2,060,538
Other	264,946
TOTAL	\$19,942,295



Levy Comparison by Year

Fund	2018	2019	2020	2021	2022	% Change
General	\$ 1,573,093.52	\$ 1,750,706.11	\$ 2,009,565.91	\$ 1,870,495.51	\$ 1,694,164.42	-9.427%
Com Serv	99,062.49	93,301.57	92,333.24	95,390.63	89,303.07	-6.382%
Debt Serv	2,083,946.91	2,011,213.18	1,982,412.91	1,938,620.84	1,967,176.70	1.473%
Total	\$ 3,756,102.92	\$ 3,855,220.86	\$ 4,084,312.06	\$ 3,904,506.98	\$ 3,750,644.19	-3.941%

Levy Type	2018	2019	2020	2021	2020	% Change
Voter	\$ 1,701,155.11	\$ 1,878,697.31	\$ 1,719,061.72	\$ 1,700,442.03	\$ 1,753,432.48	3.116%
Other	2,054,947.81	1,976,523.55	2,365,250.34	2,204,064.95	1,997,211.71	-9.385%
Total	\$ 3,756,102.92	\$ 3,855,220.86	\$ 4,084,312.06	\$ 3,904,506.98	\$ 3,750,644.19	-3.941%

QUESTIONS?

Thank you for attending this hearing.

